

TRSL Benefits Handbook

Regular Plan and Plan A

February 2007

 **TRSL** Teachers' Retirement System of Louisiana



The link to your financial future.

Welcome to the TRSL Benefits Handbook

This handbook provides valuable information about the benefits and services of the Teachers' Retirement System of Louisiana (TRSL). Membership in TRSL is an investment in your future, and this handbook describes the many important features of your retirement plan, including retirement, disability, and survivor benefits. We encourage you to keep your handbook with your important papers.

Every effort has been made to ensure that the information in this publication is accurate. If the information should conflict with state or federal law, then the law must take precedence. State laws governing TRSL retirement are found in Louisiana Revised Statutes, Title 11, Sections 1-309 and 701-947, and the Louisiana Constitution, Article 10, Section 29.

If you have questions about your retirement, please contact TRSL for answers rather than relying on information obtained elsewhere.

Retirement decisions last a lifetime! Before making any irrevocable decisions concerning your retirement, you should talk with a TRSL benefits analyst.

Directions to TRSL's office

TRSL is located in Baton Rouge in the Louisiana Retirement Systems Building at 8401 United Plaza Boulevard, which is just off Essen Lane between Interstates 10 and 12.

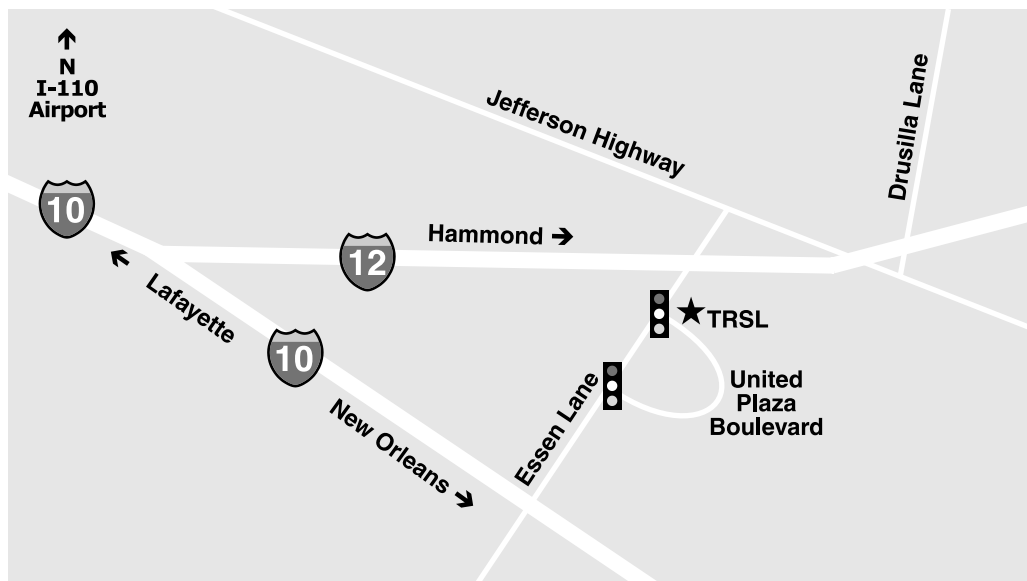
From Lafayette, exit I-10 and turn left on Essen Lane, or exit I-12 and turn right on Essen Lane;

From New Orleans, exit I-10 and turn right on Essen Lane;

From Hammond, exit I-12 at Jefferson Highway/Drusilla Lane, turn left on Drusilla Lane, then right on Jefferson Highway. Proceed to Essen Lane, and turn left.

Turn at the United Plaza Boulevard traffic signal on Essen Lane at the sign that reads:

"LA RETIREMENT SYSTEMS BLDG."



Contents

Membership

What a bargain	7
About TRSL	7
TRSL information always available	9
Membership eligibility	9
Maintaining or changing membership	10
Membership for board employees	10
Dual membership	10
Membership for part-time employees	11
Earnable compensation (overtime)	11
Workers' compensation	11
Annual member account statement	11
Correction of errors	12
Withdrawing your contributions	12
Optional Retirement Plan (ORP)	13
Community property	13
Consult an attorney about community property settlements	14
Court may order payment of part of a TRSL benefit to ex-spouse	14
Members must designate half their benefit for their spouse	15
Beneficiaries and community property	15
Delayed retirement	16
Renunciation of benefits	16
Social Security	16
Service credit	19
Rounding of service credit	20
Credit for part-time employment	20
Appeals	20

Purchasing TRSL service credit

What you need to know	21
Refunded service credit	22
Sabbatical leave	22
Legal leaves of absence	22
Involuntary furlough	23
Strike	23
Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA)	23
Service credit not under USERRA	24
National guard, coast guard, and reserve forces	24
Out-of-state public school, in-state private school, or U.S. military base teaching service	24

Actuarial cost or contributions plus interest	25
Other service credit eligible for purchase	25
Rollovers (Form 9R)	25
Transfer or reciprocal recognition of service credit	26
Member's cost calculation	26
Applications for purchasing service	26

Survivor benefits

Death of a member or retiree	27
Eligibility	27
Definition of a minor child	29
Minor child survivor benefits	29
Applying for survivor benefits or a refund of contributions	29
Survivor benefits as financial protection	30
Establishing a trust for children of TRSL members	30

Sick and annual leave

Sick leave	31
Sick leave earned through June 30, 1988	31
Table 1 - Accumulated Sick Leave Conversion	32
Sick leave earned after June 30, 1988	32
Table 2 - Accumulated Sick Leave Conversion	33
Sick leave earned after June 30, 1990	33
Annual leave	34
Annual leave earned after June 30, 1990	34
Annual leave purchase by school board employees	34

Disability retirement

Computing the disability benefit	35
Sample calculation	36
Spouse and minor child benefits	36
Applying for disability retirement	37
Service conversions	37
Periodic re-examination	38
Earnings limitations	38
Taxes	38
Disability retirement versus disability insurance	38
Return-to-work restriction	38

Retirement

Regular Plan retirement eligibility if	
you joined TRSL before July 1, 1999	39
The 2% formula	39
The 2.5% formula	39
Regular Plan retirement eligibility if	
you joined TRSL on or after July 1, 1999	39
The 2.5% formula	39

Plan A retirement eligibility	40
The 3% formula	40
Retirement eligibility for part-time employees	40
Early retirement	40
Maximum benefit accrual	41
Retirement benefit calculation	42
Computing final average compensation	42
Professional Improvement Program (PIP)	44
Maximum Option retirement benefit worksheet	44
Retirement application checklist	45
Premature death	46
Estimated benefit	46
Retirement payments (including estimated payments)	46
Direct deposit	47
Canceling a retirement application	47
Retirement options	47
Maximum Option	48
Option 1	48
Lifetime benefit options	48
Option 2	48
Option 2A (Pop-up)	49
Option 3	49
Option 3A (Pop-up)	49
Option 4	49
Option 4A (Pop-up)	49
Initial Lump-Sum Benefit (ILSB)	49
How does it work?	50
Retirement benefit calculation: Regular Plan, 2%	51
Retirement benefit calculation: Regular Plan, 2.5%	52
Estimating the Regular Plan benefit	53
Regular Plan members who joined TRSL on or after July 1, 1999	54
Retirement benefit calculation: Plan A, 3%	55
Estimating the Plan A benefit	56
Deferred Retirement Option Plan (DROP)	57
Cost-of-living adjustment (COLA)	60

Income tax information

The simplified method	61
Table 1 – Single Life Annuity	61
Table 2 – Joint and Survivor Annuity	62
Tax sheltering and rolling over contributions	63

Returning to work after retirement

Service, DROP, and ILSB retirees	64
LSA-R.S. 11:710—Full benefits	64
Service retirees	64
LSA-R.S. 11:738—Repay benefits and regain membership	64
Disability retirees	64
Unsure about returning to work? Ask questions!	65
Refund of contributions after re-employment ends	65
Returning to work in a public job that doesn't affect TRSL benefits	65
Glossary	66
Index	69
Forms	
Active Member Change of Address Authorization (Form 2AC)	71
Beneficiary Designation (Form 3)	73

**The Teachers' Retirement System of Louisiana is
an equal opportunity employer and complies with the
Americans with Disabilities Act.**

This public document was published at a cost of \$15,549.87. Ten thousand copies of this document were published by the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, to inform TRSL members of laws and policies that affect them. Printing of this material was purchased in accordance with the provisions of Title 43 of the Louisiana Revised Statutes.

Membership

Congratulations! You are a member of a retirement plan that will probably pay you two to three times more than you would get from Social Security if you stay in Louisiana and make teaching a career. Even if you leave, you get back your contributions, which can be rolled over to an IRA and still give you a headstart on your retirement. Either way, you are a winner with the Teachers' Retirement System of Louisiana (TRSL).

Since Louisiana teachers and public employees do not participate in Social Security, TRSL is your primary source of financial security. TRSL costs about the same as Social Security, but Social Security benefits generally equal about 40% of your average salary, while TRSL generally pays 60-75% of your highest three-year average salary in retirement. You can retire with 30 years of service at any age and receive a maximum of 75% of average salary, or at age 55 with 25 years of service with a maximum of 62.5% of average salary. If you have 40 years of service, you can receive 100% of your average salary! These benefits last for your lifetime, and the life of your beneficiary if you so choose.

You are vested in TRSL after five years of service credit. This means you could stop working and collect 12.5% of your high three-year average compensation at age 60 if you joined TRSL on or after July 1, 1999, or 10% if you joined before July 1, 1999. Social Security's minimum retirement age is 67!

With TRSL, you can rest assured that you and your beneficiary have a safe, secure, and sound retirement plan.

What a bargain

Membership in TRSL is a bargain too! What you receive in retirement benefits is worth much more than what you pay in contributions.

For example, if a 57-year-old single teacher retires after 30 years of working at a TRSL-eligible job with an average salary (highest three consecutive years) of \$28,800, he or she will be eligible to receive a lifetime, monthly benefit of \$1,800 under the Regular Maximum option (listing no beneficiary).

If this teacher were to purchase a retirement annuity from an insurance company that provided that amount each month for life, it would cost \$335,000. This retirement annuity would be subject to state income tax, and he or she would not receive cost-of-living adjustments (COLAs).

However, since this teacher is a TRSL member, that benefit costs about \$50,000 in employee contributions over the 30-year career. The TRSL pension is exempt from Louisiana state income tax, and the teacher can receive periodic COLAs.

So, the TRSL benefit the teacher paid \$50,000 for is worth more than \$335,000.

About TRSL

TRSL is the state's largest public retirement system. TRSL serves more than 100,000 active and inactive members and provides benefits to more than 50,000 retirees, survivors, and beneficiaries. TRSL earns substantial income from the investment of System funds. As of June 30, 2006, the System's investment portfolio was valued at approximately \$14.0 billion.

TRSL is a public trust fund established on August 1, 1936, to provide retirement benefits for its members. These benefits are guaranteed for life by the Constitution of the State of Louisiana. TRSL is a qualified retirement plan under Section 401(a) of the Internal Revenue Code.

TRSL is a defined benefit plan, which guarantees a benefit based on your age, years of service, and final average compensation at retirement — not on the amount of your contributions! Benefits also include provisions for your spouse and minor children in the event of your death while actively employed and for early retirement in case you are permanently disabled while actively employed.

Your membership in TRSL is an important part of your financial future—TRSL is your retirement plan. As an eligible member, you must complete an *Enrollment Application/ Employment Notification* (Form 2), and your payroll department will begin deducting a certain percentage of your salary (see pages 9-10) on the date you are eligible for membership. (Some employers have the ability to post TRSL enrollments electronically.) Your contribution is deducted before taxes are computed on your salary. Your contributions, along with those of your employer, are regularly transferred by your employer to TRSL and are maintained in a trust fund. Contributions are pooled and invested by the TRSL Board of Trustees. The interest earned on these investments, along with your contributions, ensures the future stability of the System and your future retirement benefits.

If you are a new member, you are eligible for benefits that were established by law for those joining TRSL on or after July 1, 1999.

TRSL members belong to one of three retirement plans (described on pages 9-10): the Regular Plan for teachers, or Plans A or B for school food service employees. Members contribute a percentage of their salary to the System. Member contributions are made on a pretax basis. Employers of TRSL members also contribute a percentage based on their employees' salaries.

As mentioned on the previous page, TRSL members generally do not pay the old-age portion of Social Security taxes and do not gain Social Security retirement credits while working in a TRSL-eligible position. (See Plan B on page 10 for exceptions.) If a TRSL retiree also qualifies for a Social Security old-age benefit, that Social Security benefit may be reduced (see page 17).

TRSL is governed by a Board of Trustees that includes 12 elected members: representatives from each of TRSL's seven districts, two trustees who represent retired teachers, one representative for employees paid with school food service funds, one representative for employees of state colleges and universities, and one representative employed as a parish or city superintendent of schools.

The Board also includes four ex officio members: the State Superintendent of Education, the State Treasurer, and the chairmen of the Retirement Committees of the Louisiana House of Representatives and the Louisiana Senate. The Board holds monthly meetings, which are open to the public.

Since 1936, several other retirement systems have been merged with TRSL: the Orleans Parish Teachers' Retirement System, on July 1, 1971; the Louisiana State University Retirement System, on January 1, 1979; and the Louisiana School Lunch Employees' Retirement System, on July 1, 1983.

TRSL information always available

Information about TRSL benefits can always be found online at www.trsl.org or by calling the local number (225) 925-6446 or the toll-free number 1-877-ASK-TRSL (1-877-275-8775). Both the website and toll-free number are available around the clock. If you are a TRSL member, you may also gain access to your TRSL information by registering on the website's Member Access section.

The website features a benefits calculator, answers to frequently asked questions, a list of TRSL contacts, information about the Board of Trustees, the latest news affecting TRSL members, downloadable forms, and online versions of brochures and newsletters. The website is constantly changing and expanding to provide easily accessible information, and inquiries can be addressed by e-mail to the webmaster, who ensures that all questions and requests are answered. Unfortunately, e-mail is not a secure medium, so it is not advisable to transmit confidential information such as a Social Security number which is necessary for specific account inquiries. In such cases, a letter or personal phone call is recommended.

Both our main number (225) 925-6446 and 1-877-275-8775 are staffed by knowledgeable retirement benefit analysts in the Member Information Center (MIC) during normal work hours 8 AM to 4:30 PM, excluding weekends and holidays. A call to either TRSL number might save you a trip to our office.

Outside of normal work hours, you may call the automated local number (225) 925-6446 or the toll-free number 1-877-275-8775 that is accessible by a touch-tone telephone.

The caller can leave a message for a return call or record their name and address for a mail-out. The system will not transfer the caller to a staff person during non-work hours. A detailed reference card for the automated menu is available.

All messages and requests made by e-mail or the toll-free system will be answered during regular office hours.

We are here to serve you on the phone or in person. During office hours, staff is available to see walk-ins. Please arrive in ample time before 4:30 PM. The busiest and longest wait times usually occur during the afternoons, summers, and teacher holidays.

Membership eligibility

In general, full-time employees of parish and city school boards, except for bus drivers, janitors, and maintenance personnel, are required by state law (LSA-R.S. 11:721) to become TRSL members. In addition, full-time, unclassified public college, university, community college, and technical college personnel hired after July 1, 1991, must become TRSL members.

TRSL members belong to one of three retirement plans: the Regular Plan for teachers, or Plans A or B for school food service employees. Each has slight differences in retirement eligibility requirements, employee contribution rates, and methods by which a benefit is computed.

Regular Plan members make up the majority of TRSL membership and include those employed in any of the classifications defined by law as a "teacher" (LSA-R.S. 11:701[33]) for whom enrollment in TRSL is mandatory as a condition of employment and who meet the eligibility requirements.

Regular plan members contribute 8.0% of their salaries.

Plan A members include those who were members of the School Lunch Employees' Retirement System on July 1, 1983, when that system merged with TRSL. Plan A members continue with the same eligibility requirements as before the merger and are members of Plan A as long as they are employed as a school food service worker in one of the 46 parishes that contribute to TRSL's Plan A (all parishes except those in Plan B, below). Plan A members who change employment, are no longer paid by school food service funds, and are still eligible for TRSL membership must become members of the Regular Plan.

Plan A members contribute 9.1% of their salaries.

Plan B members include school food service employees in the parishes of Allen, Assumption, Avoyelles, Cameron, Catahoula, Concordia, DeSoto, East Feliciana, Jefferson, Jefferson Davis, Lafayette, LaSalle, Morehouse, Orleans, Red River, St. Helena, St. John the Baptist, St. Mary, Washington, and West Feliciana.

For more information on Plan B, members may contact their personnel offices or TRSL for the *School Food Service Plan B Benefits Handbook*. Plan B members also contribute to the old-age portion of Social Security and become eligible for unreduced Social Security benefits when reaching the required age for Social Security retirement.

Plan B members contribute 5.0% of their salaries.

Maintaining or changing membership

If you have at least five years of creditable service in TRSL, you may choose to continue membership in TRSL even if you change to employment that makes you eligible for another public retirement system, unless your new employment is covered by the Assessor's Retirement Fund, Clerks' of Court Retirement and Relief Fund, Municipal Employees' Retirement System, or the Parochial Employees' Retirement System.

To retain TRSL membership, you must complete the proper forms within 60 days of the new employment.

Members of the Louisiana State Employees' Retirement System (LASERS) who have five years of service credit in that system may elect to continue membership in LASERS when they change to employment covered by TRSL, the School Employees' Retirement System, the Municipal Police Retirement System, or the State Police Retirement System.

Membership for board employees

Membership in TRSL is required for full-time unclassified direct employees of boards created by Article VIII of the Constitution who became so employed on or after July 1, 1991, unless they are already members of LASERS.

These boards include the Board of Regents, the governing boards for the LSU and Southern University Systems, the Board of Trustees for State Colleges and Universities, the Board of Elementary and Secondary Education, and the Board of Supervisors of the Louisiana Community and Technical College System.

Dual membership

Any person who is eligible to be a member of more than one public retirement system (by holding two or more public jobs) must be a member of each system.

For example, teachers cannot contribute to TRSL on earnings they receive for driving a school bus. They may have to become members of the Louisiana School Employees' Retirement

System (LSERS) and contribute to LSERS on their earnings as a bus driver.

Membership for part-time employees

Any member with less than 10 years of TRSL service credit who does substitute work or works part-time (20 hours or less a week, or less than 50% of full-time for university employees) is ineligible for continued membership in TRSL. In most cases, he or she must contribute to Social Security.

A person with 10 or more years of TRSL service credit who does substitute or part-time work must remain a member of TRSL and must pay contributions to TRSL.

Any permanent, part-time worker who works more than 20 hours a week is eligible for TRSL membership and must pay contributions to TRSL.

Part-time, seasonal, and temporary classroom teachers (as defined by the Board of Elementary and Secondary Education) who have five or more years of prior service credit are required to be members of TRSL.

Earnable compensation (overtime)

Effective July 1, 1992, members must contribute on earnings that were previously excluded from earnable compensation as overtime. This includes all salary, differential pay, contract pay, and grants paid to a TRSL member, unless it is received because of employment normally eligible for a different retirement system.

Workers' compensation

If you receive workers' compensation benefits but have not retired under TRSL disability provisions, you may pay contributions based on a salary not to exceed the greater of the workers' compensation benefit received, or the salary at the time of qualification for workers' compensation benefits.

You will receive pro rata service credit during any period in which your employee contributions are less than what would have been contributed if based on the salary at the time of qualification for workers' compensation benefits. Your employer will pay the employer's contribution based upon the amount on which your employee contributions are based. If you choose to make contributions on the workers' compensation benefit rather than your salary, the foregone service credit cannot later be purchased for this period. This decision should be made in writing at the time you are placed on workers' compensation.

See also *Disability retirement* on page 35.

Annual member account statement

As a member of TRSL, each year you will be mailed a *Member Account Statement* (Form 5), which details the salaries, contributions, and service credit reported by your employer as well as your accumulated funds and total service credit at the end of the fiscal year. It also lists your current beneficiary designation and your home address as last reported to TRSL. This is one reason you should keep a current home address on file with TRSL. Employers do not automatically report address changes made with them.

If you worked for more than one employer in a fiscal year you will receive one statement combining all employers' information. If you are an inactive member, because you did not work during the fiscal year, you will not receive a statement unless there was contribution activity on your member account during the fiscal year.

Your employer or reporting agency is annually required to submit all monthly contribution reports for the fiscal year by July 15. Once TRSL has balanced and closed all outstanding accounts for the fiscal year, member statements are generated and mailed to the latest home address on file for you at TRSL. For this reason, member account statements are usually mailed by late August or early September.

When you receive your statement, check it carefully. If your beneficiary or mailing address is outdated, notify TRSL by submitting an *Active Member Change of Address Authorization* (Form 2AC) or a *Beneficiary Designation* (Form 3). Copies of these forms can be found in the back of this handbook and on TRSL's website at www.trsl.org. If you find an error in salary, contributions, or service credit, call your employer first. Your employer should contact TRSL if the statement information does not agree with your employer's records. The earlier discrepancies are reported, the greater the chance will be for proper adjustment. An uncorrected error could affect your future retirement benefit. You may have your employer submit a correction to TRSL. Write to TRSL about any problem that cannot be resolved by your employer. Be sure to include your Social Security number on this correspondence. Note that additional eligibility credit due to part-time or sabbatical service is not reflected on the member statement.

Correction of errors

Members and employers have three years to correct any errors in salary reported to TRSL by paying the correct amount of employee and employer contributions plus legal interest. For any corrections to earnings or salary made more than three years after a contribution report is due, TRSL will require that the actuarial cost of the service credit be paid by the responsible parties (member and/or employer).

Withdrawing your contributions

If you permanently terminate employment with all eligible positions covered by TRSL, you may withdraw your employee contributions 90 days after termination. A refund includes only your member contributions. It does not include employer contributions or interest. By accepting a refund, you terminate your membership and cancel your service credit in TRSL.

Your TRSL account cannot be used as if it were a personal bank account or an individual retirement account. You cannot borrow money from your account or assign your account, nor may your account be attached by a lien in bankruptcy, etc. Your funds must remain in your account until you retire or become an inactive member eligible for a refund.

A refund of tax-sheltered contributions is eligible for rollover to an IRA (408(a) account), 401(k), 403(b) tax-sheltered annuity, 457 deferred compensation plan, or other employer retirement plan that accepts rollovers. However, refunds may **not** be rolled over to a Roth IRA. As long as you do not already have or deposit any other funds in the IRA to which you roll over your refund, you may later use these IRA funds to purchase service credit in TRSL if you begin working again in a position that makes you eligible for TRSL membership. This account is known as a conduit IRA (408(a) account).

The employing agency must hold the *Application For Refund* (Form 7) for 90 days. At the end of 90 days, the application is certified by the employer and sent to TRSL for refund of contributions. These refund applications are available from each employing agency.

TRSL retirees who return to work will begin making contributions to TRSL. Retirees will be able to refund their post-retirement employee contributions after terminating re-employment, once all contributions have been reported, without waiting 90 days.

Optional Retirement Plan (ORP)

The Optional Retirement Plan (ORP) is an alternative retirement plan available to academic or unclassified employees of public institutions of higher education. With the ORP, retirement contributions are portable because the retirement benefit plan is provided by a private carrier. This plan is offered by ING Financial Advisers, Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), and the American International Group's Variable Annuity Life Insurance Company (AIG VALIC). Contracts with these providers expire June 30, 2010.

Employees who choose to participate in the ORP do not contribute to TRSL and waive all rights to TRSL retirement, survivor, and disability benefits not otherwise provided by LSA-R.S. 11:726 and 11:926 (B).

Active contributing members of TRSL's Regular Plan who are academic or unclassified employees of public institutions of higher education and who have less than five years of creditable service in TRSL may elect to participate in the ORP and transfer accumulated employee contributions to the ORP.

Academic or unclassified employees who are part-time, seasonal, or temporary may choose to participate in the ORP but will not be permitted to become members of TRSL. In some cases, these members must contribute to Social Security if they do not join the ORP.

Employees who are interested in the ORP should contact their personnel offices or TRSL. A brochure and online calculator comparing the benefits of TRSL's retirement plans and the ORP are available.

The decision to participate in the ORP is irrevocable; members who choose the ORP can never change their minds and join TRSL. If they later change to employment that makes them eligible to belong to TRSL, they must continue to belong to the ORP.

Effective July 1, 1999, ORP account balances may be rolled over to another IRS-qualified retirement plan or to an IRA(s) at any time after termination of employment. Also, a one-time, lump-sum payment of up to 36-months of the annuity is available from the ORP account at the time of retirement, in addition to a lifetime annuity. If the up-front lump sum is chosen, lifetime benefits would be reduced accordingly. (LSA-R.S. 11:929B)

Community property

Most payments or benefits that members receive from TRSL are considered to be community property in Louisiana and should be accounted for in any community property settlement.

The funds and payments from TRSL that may be considered community property include:

- ◆ Regular retirement benefits
- ◆ Refunds of contributions
- ◆ Disability benefits
- ◆ DROP or ILSB withdrawals
- ◆ Death benefits

The court system ultimately determines which of these funds or payments are considered community property.

If a TRSL member divorces or legally separates, the ex-spouse may claim a portion of any of

the above-mentioned payments and benefits that were earned during the time the member and ex-spouse were married.

This is true even if the benefits are not payable until **after** the divorce. The ex-spouse may be entitled to a portion of the benefit (or payment) when it is paid. For example, even when payment is made 15 years following a divorce, if the question of benefits and payments is not settled in a community property proceeding, it remains pending.

Note: A prenuptial agreement will not affect the payment of survivor benefits under LSA-R.S. 11:762 in the case of the member's death before retirement or entry into DROP.

Consult an attorney about community property settlements

TRSL members who divorce or must otherwise agree on a community property settlement are urged to consult their own attorneys concerning the partition of their retirement and other community assets and liabilities.

If a member's legal counsel is preparing an order to divide TRSL retirement benefits or withdrawals, he or she should refer to Louisiana Revised Statutes, Title 11, Section 291.

Members and their attorneys should note that the parts of ERISA and the Internal Revenue Code concerning Qualified Domestic Relations Orders **do not** apply to TRSL.

Any questions concerning specific community property settlements and their effect on TRSL retirement benefits or withdrawals should be directed to the following:

Legal Section
Teachers' Retirement System of Louisiana
P.O. Box 94123
Baton Rouge, LA 70804-9123
Phone: (225) 925-1829

Court may order payment of part of a TRSL benefit to ex-spouse

As part of a community property partition, a court may order TRSL to pay a portion of a retirement benefit to the member's ex-spouse.

If TRSL **does not** receive a certified copy of a court order directing the System to pay a portion of a retirement benefit, refund, DROP, or ILSB withdrawal to an ex-spouse, **TRSL will pay the entire amount to the member alone.** This relieves TRSL of any responsibility to the ex-spouse, and the member will be solely responsible for any claim the ex-spouse may bring later.

Any court order that divides retirement benefits or withdrawals must specify the amount or percentage to be paid to the ex-spouse or include a specific mathematical formula to compute the portion payable to the ex-spouse.

The court order must also make clear the types of benefits or withdrawals that are to be split, and it must include the name and current address of both the member and the ex-spouse.

Members must designate half their benefit for their spouse

Any married TRSL member who retires or elects to participate in DROP or ILSB and who is not legally separated under prior Louisiana law must designate his or her spouse as the Option 2, 2A, or 3 beneficiary.

The member must also provide that the spouse is to receive at least one-half of DROP or ILSB withdrawals upon the retiree's death.

This requirement may be waived only if the spouse voluntarily signs a notarized affidavit at the time of retirement or election to participate in DROP or ILSB.

Beneficiaries and community property

Although the issues of community property settlements and the designation of beneficiaries may seem to be related, they are in fact distinct, and are governed by different laws.

Simply because a retiree divorces a spouse does not allow him or her to automatically change or delete the beneficiary listed for retirement benefits.

The issues of divorce, community property, and beneficiaries of funds or benefits are separate issues and must be dealt with separately and in most cases by court order.

NOTE: A DROP beneficiary change does not require a court order.

Here is a summary of how beneficiaries under different retirement options may be changed or deleted:

- ◆ Under the Maximum Option, the retiree receives the largest benefit possible but cannot name a beneficiary. After his or her death, only the amount of member contributions remaining that have not been paid out in monthly benefits or in DROP deposits and interest is due the member's estate.
- ◆ A retiree who chose Option 1 may name more than one beneficiary and may change those beneficiaries at any time.
- ◆ In Options 2, 3, and 4, a beneficiary is named, but that beneficiary cannot be changed later, and the beneficiary's death has no effect on the benefit.
- ◆ In Options 2A, 3A, and 4A, a beneficiary is named and cannot be changed, but if the beneficiary dies before the retiree, the benefit reverts to the Maximum Option.

At the present time, except for Option 1, the following situations are the **only** instances in which a retiree can change or delete a beneficiary:

- ◆ LSA-R.S. 11:783 (D) provides that a member who retires and names his or her spouse as a beneficiary and later divorces from that spouse has an option to delete the spouse as a designated beneficiary and change to an actuarially adjusted Maximum Option. This may be done only if the beneficiary voluntarily agrees to the change and if the change is confirmed by court order. The retiree may not name a new beneficiary.
- ◆ LSA-R.S. 11:783 (E) provides that if a retiree selects an option for a spouse and later proves the marriage was invalid, he or she can either revert to the Maximum Option, which will be adjusted for actuarial equivalency, **or** choose another beneficiary.
- ◆ LSA-R.S. 11:783(G) allows a retiree to remove a designated nonspousal beneficiary if the beneficiary is certified by the State Medical Disability Board as permanently disabled.

The retiree's benefit is adjusted to the Maximum Option and reduced to an actuarial equivalent, and he or she may **not** name a new beneficiary.

- ◆ LSA-R.S. 11:783 (l) allows a retiree to remove a nonspousal, mentally disabled beneficiary if the benefit the beneficiary would receive after the retiree's death would make the beneficiary ineligible for federal benefits of greater value. The retiree's benefit is adjusted to the Maximum Option and reduced to an actuarial equivalent, and he or she may **not** name a new beneficiary.
- ◆ Adjustments of benefits are not retroactive.
- ◆ The retiree is responsible for the actuarial fee to determine the actuarial equivalent maximum amount. The actuarial fee is currently \$150 (subject to change), which should be made payable to TRSL's actuary. The one-time fee is deducted from the retirees' monthly retirement benefit when the benefit is adjusted.

Delayed retirement

Members with at least five years of service/eligibility credit may terminate their positions, leave their contributions with TRSL, and on the first of the month after their 60th birthday be eligible to apply for a retirement benefit based on their total years, including unused sick leave. However, the sick leave cannot be used for eligibility.

Members with less than five years of service/eligibility credit may leave their contributions in TRSL after termination. However, after five years, TRSL will attempt to contact the member to refund the contributions if the member has not returned to employment covered by TRSL. Refunded contributions do not include interest.

Tax-sheltered contributions made after June 30, 1988, are taxable upon withdrawal or at retirement. Contributions made before July 1, 1988, are not taxable.

Renunciation of benefits

Anyone who is receiving a TRSL benefit may permanently renounce their right to receive the whole benefit or any cost-of-living adjustment. This may be advisable if the person would thereby become eligible for a greater benefit from another source, including the federal government.

Social Security

Social Security benefits may be a major source of retirement income for you. But how can you plan well for retirement if you don't know how much you might receive from Social Security?

You can find out your projected Social Security benefits simply by filing a *Request for Earnings and Benefits Estimate Statement* (Form SSA-7004) with the Social Security Administration.

You would then receive an *Earning and Benefits Statement* that includes your estimated Social Security benefits. The statement reports your earnings since 1951, which are the basis for your projected Social Security benefits. The statement also tells you what your disability benefits under Social Security would be if you were to become disabled.

To confirm that your earnings have been accurately reported during your working career, the Social Security Administration recommends that you file a *Request for Earnings and Benefits Statement* every three years. To obtain this form, visit your local Social Security office or call

1-800-772-1213. For more information, you can also visit the Social Security Administration's website at www.ssa.gov.

In October 1999, the Social Security Administration began mailing annual statements of future benefits to everyone over age 25—about 125 million workers each year.

Three months before your birthday, you should receive a statement from Social Security telling you how much your Social Security benefit is expected to be, if you are eligible.

For younger workers, the statement also tells how much Social Security would pay your survivors if you died before retirement age.

Social Security reductions if you receive a TRSL retirement benefit

If you receive a retirement benefit from TRSL, and you are also eligible for Social Security benefits, your Social Security benefit may be reduced according to federal regulations. Your TRSL benefit will not be reduced.

It is TRSL's understanding that even if a refund is taken before you are eligible for a TRSL benefit or if you take a lump-sum payment instead of a monthly benefit, the earned-benefit Social Security reductions described below may apply. However, the reduction may be minimal. You can take a TRSL refund and avoid the reduction to the spouse's Social Security benefit. You should contact Social Security for more information about their benefit provisions.

There are two types of Social Security benefits: a spouse's or widow(er)'s benefit and an earned benefit.

- ◆ A spouse's or widow(er)'s benefit is paid to spouses or surviving spouses of Social Security pensioners if those spouses did not work long enough under Social Security to have earned their own benefit or their earned benefit is less than the pensioner's benefit. The spouse's benefit is generally one-half of the benefit paid to the Social Security pensioner.
- ◆ An earned benefit is paid to people who worked at other jobs where they paid Social Security taxes long enough to earn a Social Security benefit.

The type of Social Security benefit you receive determines the formula used to calculate the reduction to your Social Security benefit. The Government Pension Offset is used for a spouse's benefit, and the Windfall Elimination Provision is used for an earned benefit.

Government Pension Offset: reduction for spouse's or widow(er)'s benefit

Normally, when your spouse retires on Social Security, you are eligible for 51% of your spouse's benefit if you are at least age 62. However, since you are eligible for a benefit from TRSL, you may be subject to the Government Pension Offset (GPO). You **will not** have a reduction in your benefit from Social Security, if you meet one of the following conditions:

- ◆ You were eligible to retire before December 1982, and you meet all the requirements for Social Security spouse's benefits in effect in January 1977. (A divorced woman's marriage must have lasted at least 20 years, and a husband or widower must have received one-half of his support from his wife.)
- ◆ You were eligible to retire before July 1, 1983, and were receiving one-half of your support from your spouse.
- ◆ You withdraw all TRSL contributions at any time.

If you don't meet one of the exceptions listed above, the GPO formula will reduce your Social Security spouse's or widow(er)'s benefit by two-thirds of your TRSL benefit. In some cases this offset could entirely eliminate your Social Security benefit.

For example, suppose that you are retired and receive a TRSL benefit of \$800 per month. Your spouse retires and will receive a Social Security benefit of \$850 per month. You would be eligible for 51% of your spouse's Social Security benefit of \$850, which amounts to \$433.50 per month.

The offset is calculated by multiplying \$800 (the amount of your TRSL benefit) by two-thirds, which equals \$533.33. Your Social Security benefit would be \$433.50, but two-thirds of your retirement benefit is \$533.33.

Since the offset of \$533.33 is more than the Social Security benefit of \$433.50, **you would receive no spousal benefit** from Social Security.

Windfall Elimination Provision: reduction for earned benefit

If you receive a TRSL retirement benefit, a modified benefit formula, known as the Windfall Elimination Provision (WEP), is usually used to reduce your own Social Security earned benefit.

The WEP was gradually implemented beginning in 1986 and is now in full effect when you reach age 62 or become disabled.

The WEP does not apply in the following situations:

- ◆ You were age 62 or disabled before 1986.
- ◆ You qualified for a TRSL retirement benefit (including a reduced benefit) before 1986, even if you continued to work beyond 1986 (excludes LSA-R.S. 11:272[D], as amended by Act 132 of 1995). You can call TRSL at 1-877-ASK-TRSL (1-877-275-8775) to request a letter verifying your earliest retirement date.
- ◆ You have at least 30 years of "substantial" earnings in a job where you paid Social Security taxes. If you have 21 to 29 years of "substantial" Social Security-covered earnings, you won't be subject to the full reduction. The full reduction is on the order of 50% to 60% of the Social Security benefit you would otherwise be due.
- ◆ You withdraw all TRSL contributions before vesting (5 years).

If you have at least 10 years of earnings, your Social Security benefit will not be completely eliminated by the WEP provision.

The WEP formula is complex, so we recommend that you contact the Social Security Administration for explanations of possible reductions.

When you receive an estimate of your Social Security benefit, the amount probably will not have been reduced by either the GPO or WEP provisions. You should specifically ask Social Security to calculate the reduction for you.

SSA requires notification of GPO and WEP provisions

Effective January 1, 2005, the Social Security Protection Act of 2004 requires public employers outside of the Social Security system to notify individuals who start work after that date about the effects of the GPO and WEP, which offset Social Security retirement benefits

for most retirees who collect pensions from jobs not covered by Social Security.

Your employer is required to have new employees sign a form certifying they have been told about GPO and WEP and to send copies of the form to the retirement system that covers the new employee. The notice was drafted by the Social Security Administration. TRSL Plan B members, who pay Social Security, are exempt.

Service credit

Members earn 100% of a year service credit for each full contract year worked, regardless of whether they are employed on a 9-, 10-, 11-, or 12-month contract.

Members cannot earn more than one year of service credit in a 12-month period, beginning July 1 and ending June 30.

Members who earn a year of service credit for a nine-month contract will not receive more than one year of service credit, even if they work during the summer.

For example, if a member completes the nine-month contract but also works additional summer months, extra credit will not be given for the summer months, since one year of service has already been earned.

Days worked during the summer count toward retirement credit only if the member did not work every day of their contract, or did not get one year service/eligibility credit for the contract year. If a member does not complete the contract year, he or she will receive some additional service credit for summer employment, if applicable, but not on a day-for-day basis.

In some cases, a member may receive experience credit for pay purposes with his or her employer. However, retirement credit is based strictly on the amount of time he or she works and for which TRSL receives contributions.

Members employed by year-round schools receive a full year of service credit if they work all available days of a fiscal year (July 1 to June 30).

In order to determine a member's exact amount of service credit, it is necessary that your current and past employers certify your employment history with TRSL.

For any fiscal year that has less than a full year of service credit, in most instances the member's service credit will be based on a percentage of the actual salary paid divided by what would have been earned working the full year (full-time rate).

Example of partial year credit

Member earns \$18,300 during a fiscal year. The member would have earned \$36,000 if he worked the full year:

$\$18,300/\$36,000 = 51\%$ of a year of service credit

This same member worked full days during the summer school session and earned an additional \$2,000:

$\$18,300 + \$2,000 = \$20,300$; $\$36,000 + \$2,000 = \$38,000$

$\$20,300/\$38,000 = 53\%$ of a year of service credit

Rounding of service credit

At the time of retirement or beginning participation in the Deferred Retirement Option Plan (DROP), any fractional part of your total service credit will be rounded to the closest one-

tenth of a year, not to exceed 100% of a year. For example, 24.95 will round to 25, and 24.94 will round to 24.9.

Credit for part-time employment

If you have a history of part-time employment, contact your employer or TRSL to determine when you are eligible to retire. You may have received full eligibility credit for part-time service and may be closer to retirement than you think. (Eligibility credit determines if a member can receive a retirement benefit; service credit determines how much that benefit will be.)

TRSL is concerned some members may not be aware that their service records include credit for part-time service. Because of this, these members may either lose some months of eligibility under the three-year DROP or they may not realize their retirement benefit will be lower than expected because of the part-time credit.

For example, a member who has worked 20 years at 50% of full-time would be eligible for retirement after 20 years but would have his or her benefit calculated at 20% of average compensation, rather than 40%:

$$20 \text{ years} \times 2\% = 40\% \times 50\% = 20\%$$

Members who have part-time credit may find they are eligible for three-year DROP participation, but their benefit will be less than expected.

In order to receive 1.00 year of eligibility credit, most members must work every day during the contract year to receive a full year of eligibility, even though they are working part-time.

Part-time university academic employees do not need to work every day to receive full-time eligibility credit. This is because faculty members on a full-time contract do not necessarily teach five days per week.

Example of part-time credit

A part-time employee who works four out of eight hours a day for a full year would receive 0.5 years of actual service credit, but would receive 1.00 year of eligibility credit toward retirement. Some part-time employment is the same as full-time employment for meeting eligibility requirements for retirement. However, a part-time employee will receive reduced actual service credit.

Appeals

Members may make an appeal whenever they feel their rights under state law and/or the policies of TRSL have been violated. The Board of Trustees' duty is to hear such appeals and issue timely written decisions in these cases. Appeals may be made in writing to the Board of Trustees at P.O. Box 94123, Baton Rouge, LA 70804-9123.

Purchasing TRSL service credit

What you need to know

Additional information is available in TRSL's publication, Purchases and Transfers of Service Credit.

Active TRSL members may purchase credit for the types of service listed below to increase the service credit used to calculate the retirement benefit:

- ◆ Previously refunded service (may be purchased by repaying the refund plus interest)
- ◆ U.S. military base teaching service
- ◆ Leave without pay
- ◆ Maternity leave
- ◆ Sabbatical leave
- ◆ In-state private school service
- ◆ Out-of-state public school service
- ◆ Military service

Before TRSL's actuary can calculate the cost of the purchase, TRSL must first receive the appropriate application and information from each of your employers. A list of the various applications can be found on page 26. These applications include official certification of your current salary, including PIP salary and any supplemental pay, and employer certification of service to be purchased, including salary for the period to be purchased.

For all purchases, except refunded and USERRA (see pages 22 and 23) service credit, you will be required to pay a nonrefundable calculation fee of \$150 (subject to change) to TRSL's actuary. This fee may be paid by personal check, cashier's check, certified check, or money order, made payable to S.J. Actuarial Associates and should accompany the application.

Once all information has been received, the cost calculation will be forwarded to you. You should purchase any service credit well in advance of filing an application for retirement.

Payment for purchase of service credit can be made with funds from a conduit IRA 408(a), 401(k), 403(b) tax-sheltered annuity, and 457 deferred compensation account as long as those funds are eligible for rollover into a 401(a) governmental defined benefit plan. Ordinary IRAs are not eligible for rollover to TRSL.

It is also possible to arrange for a transfer or reciprocal recognition of service credit between Louisiana public retirement systems if you have credit in more than one system.

You may not purchase credit for any period for which you already have TRSL service credit.

No more than one year of TRSL credit may be obtained for any one fiscal year, and questionable years must be certified by employers before a cost can be calculated.

You should purchase any service credit well in advance of applying for retirement or DROP. It can take several months to complete the purchase process.

Payments for purchases of service credit must be made in one lump sum.

Payments for purchases of service credit may also be made by a rollover (see page 25).

Refunded service credit

Some TRSL members withdraw their retirement contributions when they become ineligible for further TRSL membership, for example, when they stop teaching or move out-of-state.

By taking a refund of contributions, these former members lose the service credit they earned by making those contributions. However, if they later return to TRSL service, they may restore that service credit by paying back the refund they received plus interest.

The cost to restore refunded service is computed using the amount of contributions refunded plus interest at the board-approved actuarial rate compounded daily from the date of refund until payment is made. The current interest rate is 8.25% but is subject to change each year.

To buy back refunded service, a member must complete an *Application for Purchase of Refunded Service* (Form 9D). This is an in-house cost calculation, so there is no actuary calculation fee for purchases of refunded service.

After the application is reviewed, the member will receive an invoice giving the amount necessary to purchase the refunded service. Please allow a minimum of six weeks to receive an invoice.

Is it a good idea to purchase refunded service credit? The following example shows (1) the difference the purchase can make in a retirement benefit and (2) the period of retirement needed to recover the cost of purchase.

Let's say a member is age 59, has 25 years of service credit, an average compensation of \$35,000, and wishes to purchase 5 years of refunded credit. This member has received a cost statement totaling \$14,875 (\$2,975 per year).

$$25 \text{ years} \times 2.5\% \times \$35,000 = \$21,875$$

$$30 \text{ years} \times 2.5\% \times \$35,000 = \$26,250$$

$$\$26,250 - \$21,875 = \$4,375$$

$$\$14,875 \div \$4,375 = 3.4\text{-year recovery period}$$

After 3.4 years of retirement, this member would recover the cost of purchasing five years of refunded service credit.

Sabbatical leave

A member is allowed to contribute on the full rate of pay while on sabbatical leave. If contributions are made on less than the full rate of pay, the member is credited with less than a full year of service credit for benefit calculation, but does receive a full year of credit for retirement eligibility purposes.

To gain a full year for the purpose of benefit calculation, the additional service credit may be purchased. An *Application for Purchase of In-state Service* (Form 9) must be completed and submitted with the calculation fee.

Legal leaves of absence

An active, contributing member may purchase credit for legal leaves of absence from a TRSL employer, such as maternity leave and leave without pay.

A member must have five years of creditable service for each year of leave to be purchased, or 2.5 years of service for each half year of leave.

No more than two consecutive years of leave may be purchased. An *Application for Purchase of In-state Service* (Form 9) must be completed and submitted with the calculation fee.

Involuntary furlough

A member who is involuntarily furloughed without pay due to the temporary closure of his or her employer can purchase additional salary credit.

When no compensation is paid and the employer does not place the employee on official leave without pay, the employee is entitled to purchase that salary credit, and the cost may be paid by either the employer or employee or both. The member must be an active member of TRSL immediately before and after the period to be purchased. An *Application for Purchase of In-state Service* (Form 9) must be completed and submitted with the calculation fee.

Strike

An active member may purchase strike time when no contributions were paid in order to get additional service credit. Members need not be placed on official leave without pay, but they must be an active member immediately before and after the period to be purchased. An *Application for Purchase of In-state Service* (Form 9) must be completed and submitted with the calculation fee.

Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA)

Retirement credit may be purchased by a member of the uniformed services of the United States who left employment or who leaves employment in order to perform military service. The member must meet certain eligibility criteria for purchasing the military service credit. Those criteria are honorable discharge and return to employment after release from military service.

TRSL must receive an *Application for Purchase of Military Service* (Form 9B) and the following:

1. Copy of certification of release or discharge from active duty (Form DD-214).
2. Certification of salary the member would have earned if not on leave. (Provide monthly breakdown and annual rate, and include any pay increase that may have been received.)
3. Employee contributions that would have been payable if the member had continued in service. (Paid by the employee.)
4. Employer contributions that would have been paid by the employer if the member had continued in service. (Paid by the employer within 30 days after the employee payment.)
5. All payments must be made within an interval of three times the period of uniformed service, not to exceed five years.

No actuarial calculation fee is required for service that qualifies under USERRA.

Service credit not under USERRA

Service credit may not be purchased for any military service for which the member is currently drawing a regular military retirement benefit based on age and service. This restriction does not apply to members who are drawing a disability benefit based on 25-percent-or-less disability received as a result of regular military service. A member may purchase service credit for military service if he or she is drawing a nonregular military pension (national guard, coast guard, reserves, etc.).

A member may purchase the same military service in more than one Louisiana public retirement system, as long as he or she is not receiving a benefit from the first system when he or she purchases the same military service in the second system.

A member may purchase up to four years of credit for military service. However, this credit cannot be used to meet eligibility requirements for survivor benefits, disability retirement, or for retirement with 5 years at age 60, or 20 years at any age.

TRSL must receive an *Application for Purchase of Military Service* (Form 9B); a copy of the Form DD-214 showing dates of service and honorable discharge; official certification from the current employer of the member's current salary, including PIP salary and any supplemental pay; and the calculation fee.

National guard, coast guard, and reserve forces

Retirement credit may also be purchased for time served with the state national guard, coast guard, and reserve forces. To purchase this service, the member must pay the actuarial cost for receiving such credit under the provisions of LSA-R.S. 11:158, unless it qualifies under USERRA (see previous page). This is a lump-sum payment. The employee must submit an official copy of the employee's retirement points as maintained by their respective military branch. The member may purchase one day of retirement credit for each point, not to exceed four years. The member must pay the system actuary to calculate the cost of the purchase.

This service can only be purchased provided the member does not have a full year of service credit in TRSL for the fiscal year he or she served.

TRSL must receive an *Application for Purchase of Military Service* (Form 9B); a copy of the Form DD-214 showing dates of service and honorable discharge, if applicable; and official certification from the current employer of the member's current salary, including PIP salary and any supplemental pay; and the calculation fee.

Payment for military service must be made in one lump sum.

Out-of-state public school, in-state private school, or U.S. military base teaching service

Any TRSL member may purchase the following kinds of service:

- ◆ Teaching service in a public school system or university in any other state outside of Louisiana or a U.S. possession or territory provided he or she does not have credit in another public retirement system or fund for such teaching service. An *Application for Purchase of Out-of-State Public School Employment* (Form 9A) must be completed and submitted with the calculation fee.

-
- ◆ Teaching service in a nonpublic school in Louisiana. An *Application for Purchase of In-state Service* (Form 9) must be completed and submitted with the calculation fee.
 - ◆ Teaching service at a U.S. military base. An *Application for Purchase of U.S. Dependents School Teaching Service* (Form 9C) must be completed and submitted with the calculation fee.

Actuarial cost or contributions plus interest

To purchase additional service credit, except for refunded and USERRA service credit, the greater of either the actuarial cost or the employee and employer contributions plus interest at the assumed actuarial valuation rate must be paid. The actuarial cost is computed by the system's actuary and completely offsets TRSL's accrued liability in allowing the credit.

The member making application will be required to pay a nonrefundable fee of \$150 (subject to change) to TRSL's actuary. This fee may be paid by personal check, cashier's check, certified check, or money order, made payable to S.J. Actuarial Associates and should accompany the application.

Other service credit eligible for purchase

Members may purchase substitute teaching time in Louisiana public schools for which they did not contribute to TRSL, or any period of Louisiana public employment (city, parish, or state), excluding federal employment, for which they did not contribute to TRSL. An *Application for Purchase of In-state Service* (Form 9) must be completed and submitted with the calculation fee.

Service as an elected official is not eligible for purchase except, in some cases, for school board members.

Rollovers (Form 9R)

TRSL accepts rollovers from the following accounts to purchase service credit:

- ◆ 401(a) employer retirement plan
- ◆ 401(k) individual retirement account
- ◆ 403(b) tax-sheltered annuity
- ◆ 408(a) conduit IRA
- ◆ 457(b) governmental deferred compensation plan

A previous TRSL refund that was rolled over into a "conduit" IRA, qualified under Internal Revenue Code 408(a), also may be used to purchase TRSL service credit. A conduit IRA contains only funds that were rolled over from a qualified retirement plan plus any interest or dividends earned on those funds.

Members must apply to purchase service credit in writing. Once TRSL has calculated the cost for purchasing additional service credit and the invoice/cost notification is sent, members who wish to use rollover funds to purchase service credit should immediately contact the plan provider holding the funds. The member and that plan provider must complete and submit a *Rollover / Trustee-to-Trustee Transfer Acceptance* (Form 9R), which must accompany any such funds rolled over to purchase service.

Transfer or reciprocal recognition of service credit

Members of Louisiana state, parochial, or municipal retirement systems, who have at least six months of service in the system to which they are currently contributing, may repay refunded contributions plus compounded interest at the board-approved actuarial rate to the system from which they previously received a refund in order to reestablish credit for purposes of an actuarial transfer to, or reciprocal recognition of service credit with, their current system. Either an *Application for Purchase of Refunded Service to Reciprocate* (Form 8BR) or an *Application for Purchase of Refunded Service to Transfer* (Form 8BT) must be completed and submitted. No actuary calculation fee is required for purchases of refunded service credit to transfer or reciprocate.

A member of any Louisiana state or statewide retirement system may also transfer service credit from one Louisiana system to another Louisiana system. The member must have a minimum of six months of service credit with the retirement system to which they are currently contributing in order to transfer any service credit in another Louisiana public retirement system.

If the amount being transferred is less than the accrued liability of the receiving system, the member must pay the difference or accept pro rata service credit based on the funds transferred and may choose to purchase only a portion of the service credit remaining.

An *Application for Transfer of Creditable Service* (Form 8A) must be completed and submitted with the calculation fee.

Member's cost calculation

Once all necessary information has been submitted for any purchase, except refunded and USERRA service credit, TRSL will forward it to the actuary, whose cost calculation will be sent to the member. When the member receives the invoice, he or she is under no obligation to complete the purchase. However, action to complete the purchase must be taken within 30 days. After that time, additional interest accrues. After 90 days, the member must reapply and pay an additional calculation fee.

Applications for purchasing service

Applications to purchase service credit must be completed in their entirety, or they will be returned. This could cause a delay in the cost calculation and result in additional interest charges. A list of these forms can be found below. These forms are available from employers, TRSL, or on TRSL's website at www.trsl.org.

- 8 Application for Reciprocal Recognition of Service
- 8A Application for Transfer of Creditable Service
- 8BR Application for Purchase of Refunded Service to Reciprocate
- 8BT Application for Purchase of Refunded Service to Transfer
- 9 Application for Purchase of In-State Service
- 9A Application for Purchase of Out-of-State Public School Employment
- 9B Application for Purchase of Military Service
- 9C Application for Purchase of U.S. Dependent School Teaching Service
- 9D Application for Purchase of Refunded Service
- 9R Rollover / Trustee-to-Trustee Transfer Acceptance

Survivor benefits

Death of a member or retiree

TRSL should be notified immediately of a member or retiree's death.

Copies of the member or retiree's death certificate and birth certificates of any minor or other eligible children must be sent to TRSL.

Monthly benefits to any eligible survivor(s) or beneficiary(ies) will be effective the first day of the month following the death of the member or retiree.

Minor children are eligible for benefits regardless of the retirement option selected by the retiree and take precedence over payments to a beneficiary other than a spouse.

For the definition of a minor child, see page 29.

If a member should die within 30 days after the date of retirement or the beginning of DROP, any retirement option previously selected will be canceled, and the member will be treated as an active member at the time of death. This means the retirement option will be canceled, and whatever survivor benefits or refunds due will be paid in accordance with LSA-R.S. 11:762.

Eligibility

- (1) For survivors of members who were actively employed at the time of death and had less than five years of service credit

A lump sum refund of the member's contributions is paid to the named beneficiary for members who have less than five years of service credit with TRSL.

The named beneficiary must send an *Application for Refund of Deceased Member's Contributions* (Form 13A), a certified copy of the death certificate, and a copy of the beneficiary's Social Security card.

- (2) For survivors of members who were actively employed at the time of death and had at least five years of service credit

- (A) The surviving spouse with a minor child or children shall be paid 50% of the monthly benefit the member would have received using the average salary at the time of death and the 2.5% formula or \$600 per month, whichever is greater, as long as there is an eligible minor child, provided the member earned two years of service credit immediately prior to death.

Subject to the minor-child requirement, if the spouse remarries before age 55, the benefit ceases and shall resume only upon subsequent divorce from or death of the new spouse. Also subject to the minor-child requirement, the TRSL benefit does not cease upon remarriage if the spouse is at least age 55 at the time of remarriage.

- (B) Eligible minor children (a maximum of two) shall receive a monthly benefit equal to 50% of the surviving spouse's benefit or \$300 per month per child, whichever is greater, not to exceed two children as long as there are eligible minor children.

All benefits cease when there are no minor children. For the definition of a minor child, see page 29.

(3) For survivors of members who were actively employed at the time of death and had at least 10, but less than 20, years of service credit

(A) The surviving spouse with no minor children, married to the member at least one year prior to death, will be eligible for a benefit at the 2.5% formula under the Option 2 benefit, or \$600 per month, whichever is greater, provided the member earned two years of service credit immediately prior to death. (The benefit options are discussed on pages 47-49.)

(B) A spouse with minor children will be eligible for a benefit as in 2(A) on the previous page. When the minor children are no longer eligible, the spouse's benefit will revert to the Option 2 benefit as in 3(A) above. Benefits cease if the spouse remarries before age 55 and shall resume upon subsequent divorce from or death of the new spouse. The TRSL benefit does not cease upon remarriage if the spouse remarries at age 55 or older.

(C) Eligible minor children (a maximum of two) shall receive the same benefits as in 2(B) on the previous page.

(4) If the deceased member had 20 or more years of service credit and had not yet retired

The surviving spouse, married to the member at least one year prior to death, will be eligible for a lifetime benefit at the 2.5% formula under the Option 2 benefit, or \$600 per month, whichever is greater, regardless of remarriage.

A spouse with minor children will be eligible for a benefit as in 2(A) on the previous page. When the minor children are no longer eligible, the spouse's benefit will revert to the Option 2 accrued benefit, or \$600 per month, whichever is greater, if the spouse was married to the member at least one year prior to death.

Eligible minor children (a maximum of two) shall receive the same benefits as in 2(B) on the previous page.

(5) If the deceased member was a retiree

TRSL should be notified immediately of a retiree's death. A certified copy of the retiree's death certificate and birth certificates of any minor or other eligible children must be sent to TRSL.

Any retirement benefit received after the date of the retiree's death must be returned to TRSL before any survivor or beneficiary benefit can be paid.

If applicable, monthly benefits to the beneficiary will be effective the first day of the month following the death of the retiree.

Eligible minor children shall receive benefits as outlined in 2(B), on the previous page, regardless of the retirement plan selected. Payments to minor children take precedence over any payment to a beneficiary other than a spouse. When benefits are payable to eligible minor children, the selection of the retirement plan beneficiary shall be void if the beneficiary is not the retiree's spouse.

If applicable, the spouse will receive a benefit based on the retirement plan originally selected by the retiree.

Definition of a minor child

LSA-R.S. 11:701(19) defines a minor child as an unmarried child under age 21 or an unmarried student under age 23 who is the issue of a marriage of a member of TRSL, the legally adopted child of a member of TRSL, a child born outside of marriage to a female member of TRSL, or the child of a male member of TRSL if a court of competent jurisdiction has, pursuant to the provisions of the Civil Code, rendered a judgment of filiation declaring the paternity of such member for the child.

An unmarried child who becomes mentally disabled or totally and permanently disabled before age 21, as certified by the State Medical Disability Board (SMDB), is considered a minor child provided the SMDB certifies the condition and provided he or she remains unmarried.

Minor child survivor benefits

Survivor benefits are payable to minor children even when there is no spouse eligible for survivor benefits, provided the member had at least five years of service/eligibility credit. A member does not have to be actively employed or contributing to TRSL at the time of death.

Benefits for an unmarried child will cease at age 21, except benefits will continue for an unmarried child to age 23 provided he or she is a full-time student enrolled in an accredited secondary or post-secondary educational institution.

Benefits will continue after age 21 for an unmarried child who is totally and permanently mentally or physically disabled, if the child's disabling condition is certified by the State Medical Disability Board.

Applying for survivor benefits or a refund of contributions

The applicant must complete all sections of the *Application for Survivor Benefits* (Form 13) and forward the application to TRSL. These documents should be sent with the application:

- ◆ Copy of marriage certificate
- ◆ Copies of birth certificates (spouse and minor children)
- ◆ *Student Attendance Certification* (Form 13C) for each unmarried child over the age of 21, but not yet age 23, who is a full-time student
- ◆ Certified copy of death certificate
- ◆ Copies of Social Security cards (as issued by the Social Security Administration) of spouse and minor children
- ◆ Certified copy of the legal court document confirming the name of tutor/tutrix of minor children, when applicable
- ◆ *Direct Deposit of Benefits* (Form 15D)
- ◆ Completed Form W-4P, *Withholding Certificate for Pension or Annuity Payments*
- ◆ Sick leave certification
- ◆ Annual leave certification, by employer, if applicable

To receive a refund of member contributions, each named beneficiary must submit an *Application for Refund of Deceased Member's Contributions* (Form 13A). The application must include certified copies of the death certificate and the beneficiary's Social Security card.

A refund of member contributions can be made to the named beneficiary only if the member dies prior to retirement, and no survivor benefits are payable.

Survivor benefits as financial protection

TRSL members should be sure spouses and other family members are familiar with the provisions regarding survivor benefits. A member's survivor benefits may provide valuable financial protection for his or her family.

Establishing a trust for children of TRSL members

A member may create a trust for his or her children so that any survivor or option benefits due the children after the member retires or dies may be paid into the trust for the benefit of the children. For the legal authority for this, members and their attorneys may consult LSA-R.S. 11:762 (J) and 11:783(K).

Sick and annual leave

Sick leave

Sick leave is a benefit of employment, not retirement, and is subject to the authority of your employing agency. However, unused sick leave is an important aspect of your retirement because it can increase your monthly retirement benefit when it is converted to retirement credit. TRSL does not calculate the conversion of unused, accumulated sick leave to retirement credit until you have submitted an official application for retirement. For information to help you make the calculation yourself before you decide to retire, see TRSL's booklet *When It's Time to Retire or Ending DROP* booklet.

Unused sick leave cannot be used to attain eligibility for retirement. Eligibility must first be attained, then unused sick leave credit is added for total retirement service credit.

The amount of sick leave that may be used to increase retirement service credit depends on when the sick leave was earned. Sick leave credit earned through and after June 30, 1988, and credit earned through and after June 30, 1990, are governed by different laws.

Sick leave earned through June 30, 1988

For retirement purposes, 9-month employees accumulate 10 days per year. If the school year was less than 9 months, they still accumulate 10 days per year. For retirement purposes, 10-month employees accumulate 11 days per year.

Both 9- and 10-month employees who work extra summer months accumulate one extra day or a portion thereof for each additional month of full-time service. For example, for a 9-week summer school session, a 9-month teacher would accumulate 2.25 days of sick leave. (2.25 months \times 1 day per month = 2.25 days). If he or she taught half-time, then 9 weeks of summer school would equal 1.13 days. (2.25 months \times 0.5 day per month = 1.13 days.)

For retirement purposes 11- and 12-month employees accumulate:

- ◆ First three years, 12 days per year
- ◆ Next seven years, 15 days per year
- ◆ All years over 10, 18 days per year

After subtracting the days of sick leave actually taken by the member, the balance of unused sick leave days on June 30, 1988, will be converted to service credit according to the Accumulated Sick Leave Conversion Table 1 (next page) for all members (9-, 10-, 11-, and 12-month employees).

NOTE: The amount of sick leave that an employer allows a member to accumulate may be different from the amount TRSL will allow for retirement benefit computation credit.

Table 1 - Accumulated Sick Leave Conversion

25 - 45 days = 0.25 years	361 - 405 days = 2.25 years
46 - 90 days = 0.50 years	406 - 450 days = 2.50 years
91 - 135 days = 0.75 years	451 - 495 days = 2.75 years
136 - 180 days = 1.00 years	496 - 540 days = 3.00 years
181 - 225 days = 1.25 years	541 - 585 days = 3.25 years
226 - 270 days = 1.50 years	586 - 630 days = 3.50 years
271 - 315 days = 1.75 years	631 - 675 days = 3.75 years
316 - 360 days = 2.00 years	676 - 720 days = 4.00 years

Consider this example of a teacher's sick leave credit:

10 years @ 10 days = 100 days
8 summers @ 2.25 days = 18 days
3 years @ 12 days = 36 days
7 years @ 15 days = 105 days
5 years @ 18 days = 90 days
Total possible = 349 days
Less days used – 33 days
Retirement leave credit 316 days = 2 years

This example shows the sick leave credit earned for a teacher who had worked 10 years on a 9-month basis, eight summers earning 2.25 days of sick leave credit per summer, and 15 years on an 11- or 12-month basis, and used 33 days during this period.

Sick leave earned after June 30, 1988

State law provides that all unused sick leave credit days earned after June 30, 1988, less the number of days for which the employer pays upon the member's retirement, will be converted to years based upon the Accumulated Sick Leave Conversion Table 2 (next page).

NOTE: Employers pay unused sick leave at the daily rate of pay, based on the number of days approved by the employer and, by law, not to be less than 25 days.

Under this provision, 9-month employees continue to accumulate 10 days of sick leave per year, and 10-month employees accumulate 11 days per year. All 11- and 12-month employees will accumulate 12 days per year during the first 10 years of service as an 11- or 12-month employee and 18 days per year for each year thereafter for retirement credit.

From the accumulated total of sick leave days earned from July 1, 1988, through termination of employment and retirement, subtract the number of sick leave days you used during that period **and** the number of days you were paid by your employer upon retirement. The balance is converted to retirement service credit according to the table on the next page, subject to the following section on sick leave earned after June 30, 1990.

Table 2 - Accumulated Sick Leave Conversion

Accumulated sick leave days for those who work:				Fraction of year credit
9 months	10 months	11 months	12 months	
10-18	11-20	12-22	13-24	0.1 year
19-36	21-40	23-44	25-48	0.2 year
37-54	41-60	45-66	49-72	0.3 year
55-72	61-80	67-88	73-96	0.4 year
73-90	81-100	89-110	97-120	0.5 year
91-108	101-120	111-132	121-144	0.6 year
109-126	121-140	133-154	145-168	0.7 year
127-144	141-160	155-176	169-192	0.8 year
145-162	161-180	177-198	193-216	0.9 year
163-180	181-200	199-220	217-240	1.0 year

Sick leave earned after June 30, 1990

State law allows a member to convert into service credit one additional year of sick leave earned after June 30, 1990, at no cost.

All unused sick leave days earned after June 30, 1990, in excess of an amount that would convert to one year of service credit may be added to a member's account only if purchased.

In order to purchase unused sick leave days as service credit, the member must pay to TRSL an amount which, on an actuarial basis, totally offsets the increase in accrued liability of the System resulting from the receipt of the credit. Any leave purchased cannot be used to attain eligibility for any benefit and cannot be used in the computation of the average compensation.

The employer, at its discretion, may not pay more than 50% of the purchase price. However, if the employer makes such a payment, it must then treat all employees in the same manner.

All unused sick leave days earned after June 30, 1988, less the number of days for which the employer pays upon the member's retirement, will be converted to years based on the Accumulated Sick Leave Conversion Table 2.

Annual leave

Annual leave cannot be used to attain eligibility for any benefit and cannot be used in the computation of average compensation.

Employees of state agencies, colleges, universities, community colleges, and technical colleges are eligible to receive credit for unused annual leave at no cost, subject to the restrictions given below.

For a member to obtain credit for unused annual leave, TRSL must receive official certification of annual leave accrued under established leave regulations and for which an attendance record was maintained for the employee by his employer.

Members who are state employees are usually paid for 300 hours or 37.5 days of annual leave by their employers upon termination of employment. The number of days for which a member is paid is deducted from the number of days certified as unused by the employer.

The formula for computing unused annual leave is as follows: divide annual leave days remaining by the days of contract to determine the percentage of year for retirement credit.

Annual leave earned after June 30, 1990

After June 30, 1990, unless a member was eligible to retire on or before that date, any unused annual leave earned after that date will have to be purchased at actuarial cost in order to have it converted into service credit. This applies only to annual leave earned after June 30, 1990.

Annual leave purchase by school board employees

Employees of school boards are eligible to receive credit for unused annual leave if it is purchased at actuarial cost. This annual leave must have accrued under established leave regulations, and an employee attendance record must have been maintained by the employer.

These members are eligible to purchase unused annual leave for which they are not entitled to payment. The employing agency may not pay more than 50% of the purchase price. However, if it makes such a payment, the agency must then make the same payments for all employees who make application for the purchase of annual leave.

Disability retirement

Additional information is available in TRSL's publication, [Applying for Disability Retirement](#).

To be eligible for disability retirement, a member must have at least five years of service/eligibility credit.

The disabling condition must have been incurred during the time of active contributing membership in TRSL. If the member is not in active service at the time of application and has not withdrawn his or her contributions, it will be necessary that TRSL receive clear, competent, and convincing evidence that the disability occurred while the applicant was an active contributing member. In addition, if the inactive member has less than 10 years of service credit, he or she must apply within 5 years after terminating employment.

TRSL must be notified if the disability applicant is receiving workers' compensation benefits.

After a review of medical records and/or a medical examination of the member, the State Medical Disability Board (SMDB) must certify that the member is mentally or physically incapacitated from further performance of the duties currently being performed, that the incapacity is likely to be total and permanent, and that the member should be retired.

If the member is not also eligible for service retirement, an estimated benefit will begin when the application for disability is approved by the SMDB and when the member's employer has verified the last day for which the member will receive pay. If the member is also eligible for service retirement, the member will receive an affidavit to select a retirement option and beneficiary.

The date of retirement will be **either** the date the application was received by TRSL or the day after the last day of employment for which the member will be paid, whichever is later.

Computation of the official benefit cannot begin until all employer information has been received by TRSL. A retroactive payment will be made for any amount due.

If a member should die within 30 days after the beginning date of retirement, the member will be treated as an active member at the time of death, and whatever survivor benefits or refunds due will be paid in accordance with LSA-R.S. 11:762. (See *Survivor Benefits* on pages 27-30.)

Computing the disability benefit

Effective January 1, 1996, upon retirement for disability, members receive a disability retirement allowance equal to (A) 2.5% of their average compensation multiplied by their years of creditable service but (B) not more than 50% of their average compensation. In no event will a disability retirement allowance be less than the lesser of (C) 40% of the state minimum salary for a beginning teacher with a bachelor's degree, or (D) 75% of the member's average compensation. Unless the member is also eligible for regular service retirement, the disability retiree will not be allowed to select a retirement option or a beneficiary.

Note: Disability benefits for School Food Service Plan A will be calculated using Plan A percentages. Call TRSL for information.

- ◆ No accumulated sick or annual leave will be used in the computation of a disability retirement benefit unless the member is eligible for service retirement.

-
- ◆ A disability retiree with minor children will receive an additional benefit equal to 50% of the disability benefit, provided the total benefit does not exceed 75% of the average compensation.
 - ◆ The additional benefit received for an unmarried child will cease upon the child's marriage or attainment of age 21, except the benefit will continue for an unmarried child to age 23, provided the child is a full-time student enrolled in an accredited secondary or post-secondary educational institution. (See *Definition of a minor child* on page 29.)
 - ◆ A disability retiree may continue to receive an additional benefit for an unmarried child who is no longer a minor and who is totally and permanently mentally and/or physically disabled before the age of 21, as certified by the SMDB.

If both husband and wife are TRSL members and both are eligible for disability benefits, only one is eligible to claim the additional benefit in instances where there is a minor child. The larger minor-child benefit will be paid.

Sample calculation

A Regular Plan member with 10 years of service credit, a monthly final average compensation of \$2,083.33 (\$25,000 annual), and a minor child would have his or her disability retirement benefit computed as follows.

The lesser of:

- A) $2.5\% \times 10 \text{ years of service} \times \$2,083.33 = \$520.83$
- B) $50\% \times \$2,083.33 = \$1,041.67$

Cannot be less than the lesser of:

- C) 40% of state minimum monthly salary = \$662.00
- D) 75% of average monthly salary = \$1,562.50

Since (A) is less than (C), the minimum disability benefit would be \$662, which is 40% of the state minimum monthly salary for a beginning teacher with a bachelor's degree. The state minimum for a beginning teacher's salary is set annually by the Department of Education and is subject to change.

This member would also receive a monthly benefit of \$331 for the minor child (50% of \$662). The total monthly benefit for the member and the minor child would be \$993, which is within the maximum (does not exceed 75% of the average monthly salary).

Note: Disability benefits for school lunch Plan A and Plan B members are calculated differently. Call TRSL for information.

Spouse and minor child benefits

A disability retiree with a dependent minor child will receive an additional benefit equal to 50% of the disability benefit provided the total benefit does not exceed 75% of the average compensation.

For the definition of a minor child, see page 29.

The additional benefit received for a dependent unmarried child ceases upon the child's marriage or attainment of age 21. However, the benefit will continue for an unmarried child to age 23, provided the child is a full-time student enrolled in an accredited secondary or post-secondary educational institution.

A disability retiree will receive an additional benefit for an unmarried child who became totally and permanently mentally or physically disabled before age 21, if the child is totally dependent on the disability retiree, and if the child's disabling condition is approved by the SMDB. This additional benefit is equal to 50% of the disability benefit, provided the total benefit does not exceed 75% of the average compensation.

If a disability retiree dies and leaves a surviving spouse who had been married to the disability retiree for at least two years before the death of the disability retiree, the surviving spouse will receive a survivor's benefit equal to 75% of the benefit being received by the disability retiree at the time of death (excluding any minor child portion). If the surviving spouse dies and leaves a minor child or children, applicable benefits will be paid to the child(ren) as described in the following paragraph.

If a disability retiree dies and does not leave a surviving spouse but does leave a minor child or children, the minor child or children will be entitled to a total benefit equal to 50% of the benefit received by the disability retiree at the time of death (excluding any minor child portion).

Applying for disability retirement

It is the member's responsibility to see that the *Application for Disability Retirement* (Form 12) reaches the TRSL office.

The member must also submit a *Disability Report by Supervisor* (Form 12A), *Member Statement of Disabling Condition* (Form 12B), and *Physician's Report of Disabling Condition* (Form 12C) for each physician listed on Form 12B. If the disabling condition is of a psychiatric nature, the member must submit a *Physicians' Report of Disabling Condition* (Form 12C-P), instead of Form 12C.

Applicants must also submit certain medical records and personal documents with their application.

Service Conversions

One who retires on disability on or after 1/1/96 will be classified as a service retiree with a disability benefit type once he meets regular service eligibility. A retiree receiving disability benefits who has converted to service retirement will no longer be subject to the following:

- ◆ Periodic medical re-examinations
- ◆ Disability annual earnings statements
- ◆ Disability return-to-work provisions (*NOTE: The retiree will become subject to the return-to-work provisions for service retirees.*)

If the retiree is a Regular Plan or Plan A member, he will also be eligible to choose a retirement option and provide a benefit for a beneficiary in the event of his death.

Periodic re-examination

Disability retirees are required to undergo a medical re-examination by his or her own physician and at his or her own expense once each year during the first 5 years of disability retirement and once every 3 years thereafter until age 60 or until the retiree reaches normal retirement eligibility. Exemptions from the periodic re-examination may be granted if the SMDB certifies the retiree's condition is terminal or chances for recovery are highly improbable.

Earnings limitations

- ◆ A disability retiree is required to file an annual earnings statement by May 1 of each year until age 70. The statement will include all employment earnings and/or any income received the previous tax year from other sources.

Social Security disability benefits and Veteran's Administration disability benefits do not have to be reported and do not offset TRSL disability benefits. Regular Social Security benefits **must** be reported.

- ◆ Disability retirees may earn or receive the difference between their average compensation (the average of the highest 36 successive months of salary) and disability retirement benefit with no effect on the benefit. **However, these earnings may not be in the field of public or private education.**

Taxes

Disability retirees are liable for federal income taxes on the full disability benefit until age 60 or normal retirement age, at which time the disability benefit begins to include a nontaxable portion based on the amount of the member's retirement contributions that were not tax-sheltered.

Disability retirement versus disability insurance

Members who have five years of TRSL service credit should look carefully at TRSL's disability retirement benefits to compare the value versus the cost of purchasing additional disability insurance from private companies.

However, members should be aware that **TRSL disability benefits are not normally provided for long-term disabling illnesses that do not prevent a member from performing their current job or are not considered to be permanent disabilities.**

Return-to-work restriction

A disability retiree's benefit will be terminated if he or she becomes employed in the field of education, whether public or private before reaching age 60 or normal retirement eligibility.

For a brief discussion of the return-to-work restrictions for disability retirees, see pages 64-65. You may also contact TRSL for a copy of the brochure *Returning to Work after Retirement*.

Retirement

To retire, you must meet minimum requirements for age and years of service/eligibility credit. When these requirements are met, benefits are determined by a formula defined in state law (see page 42 for the retirement benefit calculation formula).

Regular Plan retirement eligibility if you joined TRSL before July 1, 1999

The 2% formula

To retire under the 2% of average compensation factor, a Regular Plan member who joined TRSL before July 1, 1999, must be:

- ◆ Age 60 with at least 5 years of service credit, excluding military service purchased under provisions of LSA-R.S. 11:153 after September 10, 1982; or
- ◆ Any age with 20 years of service credit, excluding military service purchased under provisions of LSA-R.S. 11:153 after September 10, 1982.

The 2.5% formula

To retire under the 2.5% of average compensation factor, a Regular Plan member who joined TRSL before July 1, 1999, must be:

- ◆ Age 65 with 20 years of service credit, excluding any military service;
- ◆ Age 55 with 25 years of service credit; or
- ◆ Any age with 30 years of service credit.

Regular Plan retirement eligibility if you joined TRSL on or after July 1, 1999

The 2.5% formula

To retire under the 2.5% of average compensation factor, a Regular Plan member who joined TRSL on or after July 1, 1999, must meet one of the following eligibility requirements:

- ◆ Age 60 with 5 years of service credit, excluding military service purchased under provisions of LSA-R.S. 11:153 after September 10, 1982;
- ◆ Any age with 20 years of service credit (actuarially reduced, see below), excluding military service purchased under provisions of LSA-R.S. 11:153 after September 10, 1982;
- ◆ Age 55 with 25 years of service credit; or
- ◆ Any age with 30 years of service credit.

These members may receive a 20-year retirement at any age based on a 2.5% benefit that is actuarially reduced depending on the member's age and years of service at the time of retirement. The reduction is based on the number of years it would have taken to reach the next retirement eligibility had they continued to work. The greater the number of years to regular retirement, the greater the actuarial reduction. (See page 54 for the reduction factors.)

Plan A retirement eligibility

The 3% formula

To retire under the 3% of average compensation factor, a Plan A member must be:

- ◆ Age 60 with at least 5 years of service credit, excluding military service purchased under provisions of LSA-R.S. 11:153 after September 10, 1982;
- ◆ Age 55 with at least 25 years of service credit; or
- ◆ Any age with 30 years of service credit.

Under Plan A, members who have contributed to retirement each year of employment have their TRSL Maximum Option benefit calculated according to the formula using the 3% benefit factor.

Plan A members who did not contribute to retirement until their employing agencies withdrew from Social Security coverage will receive 1% for those years before withdrawal, plus \$24 per year for each year that retirement was not paid, and 3% for each year after their employing agencies withdrew from Social Security coverage and retirement contributions were paid on the member's salary. Proportionate credit for unused sick leave will be used in both calculations.

Retirement eligibility for part-time employees

Members who have part-time or sabbatical service credit may receive **full credit for eligibility** purposes but only **partial credit for benefit computation** purposes. Such members may find that they are eligible for retirement or DROP participation earlier than expected and that their benefit will be less than anticipated.

Members nearing retirement may also not know that they have been given full eligibility credit for past part-time service or sabbatical leave and that, because of this, they are eligible to retire or enter DROP sooner than they realize.

For example, a member who has 20 years of part-time service credit (50% of full time) would be eligible for retirement after 20 years but would have his or her benefit calculated at 20% (20 years × 2% benefit factor × 50% of full-time) of final average compensation, rather than 40%.

Any member with part-time service or sabbatical leave (especially those nearing retirement or DROP participation) should write to TRSL to have his or her records verified.

Early retirement

Members who had 10 years of TRSL service credit as of January 1, 1982, regardless of age, may retire and receive an actuarially reduced retirement benefit. The Social Security Administration does not recognize this provision.

Maximum benefit accrual

If you work long enough to reach maximum benefit accrual (years of service × benefit factor = 100%), no further employee contributions are collected in accordance with LSA-R.S. 11:892. Your high, three-year final average compensation is not limited to the years for which employee contributions were made.

Depending on which retirement plan you belong to, you reach this limit after obtaining the following years:

- ◆ Regular Plan—40.00 years ($40 \times 2.5\% = 100\%$)
- ◆ Plan A—33.33 years ($33.33 \times 3\% = 100\%$ - may be sooner if member has additional 1% supplemental credit)
- ◆ Plan B—50.00 years ($50 \times 2\% = 100\%$)
- ◆ LSU employees hired before January 1, 1979, will reach this limit at various times.

When you retire, the retirement benefit is limited to a 100% accrual. There are no additional increases to accrual of the retirement benefit once you reach the 100% accrual. Also, once you reach 100% accrual, unused sick and annual leave cannot be used to increase your monthly benefit.

The 100% accrual limit also applies to all DROP members who enter DROP on or after January 1, 1998, with 100% accrual at the time they entered DROP. These members do not earn any service credit by working after DROP and, therefore, any increases in salary received after DROP do not affect their final retirement benefit, no matter how long they work. Members who entered DROP before January 1, 1998, at 100% accrual are limited to the higher of the before-DROP or after-DROP final average compensation.

Examples

1. **You enter DROP on or after January 1, 1998, with 100% accrual and work after DROP:**
Your retirement benefit does not increase, no matter how long you work after DROP. You will receive the same monthly amount that was deposited into your DROP account.
2. **You enter DROP with less than 100% accrual and work after DROP:**
Employee contributions will stop when you reach 100% accrual after DROP, and your benefit will be calculated based on the 100% accrual and the appropriate average compensation. If you work three or more years after DROP, the after-DROP final average compensation is calculated based on your three highest joined years of earnings, even if the three highest joined years include earnings from fiscal years when employee contributions were not paid. Note that the before-DROP final average compensation and benefit do not change under any circumstances.
3. **You retire with a regular service retirement with 100% accrual:**
The final average compensation is calculated based on your three highest joined years of earnings, even if the three highest joined years include earnings from fiscal years when employee contributions were not paid.

Retirement benefit calculation

After minimum retirement eligibility requirements have been met, a member's benefit is determined by a formula defined in state law. This formula multiplies years of service credit times the appropriate benefit factor (2%, 2.5%, or 3%) times final average compensation. The Maximum Option benefit a member receives is calculated like this:

Formula	years of service credit
	×
	final average compensation
	×
	benefit factor (2%, 2.5%, or 3%)

Note that:

- ◆ The service credit contains appropriate credit for unused sick and/or annual leave.
- ◆ The final average compensation is the average of the three highest consecutive years' salaries in which a member earns no more than three years of service credit. These salaries may be affected by the 10% limit on annual salary increase.
- ◆ A supplemental benefit of \$300 is added to the annual benefit of those who became TRSL members before July 1, 1986, and left their contributions in the System until retirement. The supplement is not due if the member has reached 100% accrual.

A worksheet for estimating the Maximum Option benefit can be found on page 44. The actual retirement benefit will vary according to which retirement option is chosen. (See pages 47-49 for an explanation of these options.)

Computing final average compensation

Final average compensation is the average salary earned during your **three highest consecutive years** of employment, or the three highest successive joined years of employment where interruption of service occurred. The three years used for average compensation cannot cover a period when you receive more than three (3.00) years of service credit.

LRS 11:701(5)(a) gives the method of computing the average compensation used to calculate your benefit. It limits the computation for benefit purposes to a true 10% increase in each of the three (3.00) years used to determine your average compensation.

The 10% limit does not apply to:

- ◆ Increases given by legislative acts (state raises)
- ◆ City/parish systemwide increases
- ◆ Systemwide increases at a college or university

The statute provides that a 25% limit will apply for the 12 months during which a classroom teacher changes employment to that of a classroom teacher in another parish.

Example

Member's highest consecutive 4 years of salary are:

Base Year: \$30,000
Year 1: \$31,000
Year 2: \$33,000
Year 3: \$37,000

In accordance with the cap laws, member's salary cannot exceed 10% from one year to the next, unless there is an increase specifically exempted from the 10% cap.

Base Year: $\$30,000.00 \times 10\% = \$3,000$ maximum increase allowed

$\$30,000.00 + \$3,000 = \$33,000.00$ is the total allowed earnings for the first year. Actual earnings for Year 1 are \$31,000. No cap.

Year 1: $\$31,000 \times 10\% = \$3,100$ maximum increase allowed

$\$31,000 + \$3,100 = \$34,100$ is the total allowed earnings for the second year. Actual earnings for Year 2 are \$33,000. No cap.

Year 2: $\$33,000 \times 10\% = \$3,300$ maximum increase allowed

$\$33,000 + \$3,300 = \$36,300$ is the total allowed earnings for the third year. Actual earnings for Year 3 are \$37,000. Exceeds 10% cap. Allowable earnings are \$36,300.

Average compensation will be calculated using:

Year 1: \$31,000
Year 2: \$33,000
Year 3: \$36,300 (with cap)

3 year total @ \$100,300 / 36 months = \$2,786.11 final monthly average compensation

Notes

1. For retirement purposes, any full one-year period beginning on or after July 1, 1995, will be limited to no more than a 10% increase in compensation for the immediately preceding one-year period. This even includes periods after DROP participation. This is subject to the noted exceptions.
2. The first one-year period in the calculation of average compensation is limited to no more than a 10% increase in the compensation of the preceding one-year period. This preceding one-year period is called the base year and is not part of the three (3.00) years that determine your average compensation. However, the base-year earnings can limit the salary to be included in the first year of your highest three years. The base year may even be for a period of DROP participation for members who continued to work three (3.00) or more years after DROP. The base year (one-year period) cannot exceed 1.00 year of service credit.
3. No one is exempt from the 10% cap limitation.
4. If a member works three (3.00) or more years after DROP, the after-DROP average compensation will be applied to service credit earned after DROP. The before-DROP average compensation will be used for service credit earned before DROP and will never change.
5. In computing the 10% cap on increases in average compensation, all salary will be included. Therefore, PIP, grants, dual employment, overtime, etc. will be considered salary for the purpose of applying the 10% limit.

6. Increases that could be directly traced to funds provided by state/legislative raises would not be subject to the 10% cap because they would be exempt under LSA-R.S. 11:701(5)(c).
7. If you receive a legislative raise during your high three-year salary, your employer must send a letter to TRSL documenting that the raise was the result of a legislative act.
8. Effective July 1, 1995, systemwide salary increases will not count toward the 10% limit on salary increases to be used in computing your high three-year salary for retirement, if the raise is given to all employees of the System. The raise does not have to be the same for all employees, as long as each employee receives a raise as part of the systemwide salary increase.
9. Salary increases that are not part of a systemwide increase, but are due to a change in your job status, will be subject to the 10% cap.

Professional Improvement Program (PIP)

Professional Improvement Program earnings must occur in the same fiscal year as the salaries used to compute the average compensation.

Each eligible member who has successfully completed at least three consecutive years of PIP will have 60% of the PIP earnings included in each year's average compensation.

Those who have completed at least four consecutive years will have 80% included, and those who have completed at least five consecutive years will have 100% included.

If a member has completed at least two consecutive years and becomes disabled, 40% of the PIP earnings will be included. If a member has completed at least one year and becomes disabled, 20% of such earnings will be included.

Maximum Option retirement benefit worksheet

1. Calculate final average compensation (FAC) - see explanation on page 42:

- a. Select the highest three consecutive years of salaries:

Year	Salary
_____	_____
_____	_____
_____	_____
Total salaries	\$ _____

- b. Divide total salaries by 36 months:

_____ ÷ 36 = \$ _____ FAC

2. Estimate the Maximum Option:

FAC	\$ _____
× benefit factor*	_____
× years of service credit	_____
Estimated Maximum Option	\$ _____

-
- * **2%** – Regular Plan members hired before July 1, 1999, and retiring at age 60 with 5 years of service credit or retiring at any age with 20 years of service credit
 - 2.5%** – All others, except as noted. Actuarially reduced for Regular Plan members hired on or after July 1, 1999, retiring at any age with 20 years of service credit (see page 54 for actuarial reduction factors).
 - 3%** – Plan A members

Retirement application checklist

It is each member's responsibility to have the *Application for Service Retirement* (Form 11A) and other related documents reach the TRSL office.

A member may submit an application as early as six months before the desired effective date of retirement. Final processing of the application and computation of final benefits cannot begin until agency certification(s) and sick leave certification(s) are received from all employers; and if applicable, annual leave certification(s). Some information cannot be submitted by a member's most recent employer until after the member's last day of work.

It is the member's responsibility to coordinate the date of retirement with the employer and to inform TRSL of any change before cashing or depositing a retirement benefit check. Once a benefit check is cashed or deposited, the member is retired as of the effective date of the retirement application, and the retirement cannot be canceled.

Any earnings after the effective date of retirement are subject to the return-to-work laws.

Members should use the following checklist as a guide in gathering the documents necessary for TRSL to process their retirement applications:

- ◆ A copy of the member's and beneficiary's Social Security cards (as issued by the Social Security Administration). An affidavit of retirement option election will not be sent until TRSL receives a copy of this card and the name matches the member's name in TRSL's records.
- ◆ A copy of the member's birth certificate. If a birth certificate is not available, a church baptismal record established during the first few years of life, which shows the date of birth, is acceptable. If this is not available, at least two of the following documents must be submitted: Social Security Administration records verifying date of birth; passport; notarized copy of a birth entry in a family Bible; state or federal census records established near the date of a member's birth; insurance policy showing age or date of birth; marriage records that state age at the time of marriage and the date of the marriage; school enrollment records signed by the principal of the school or the superintendent of schools; child's birth certificate showing age of parents; military record (Form DD-214); or signed statement by the physician or midwife who attended the birth.

If the documentation submitted is not sufficient, other records may be requested. For other acceptable records, request a *Date-of-Birth Verification Documents* list from TRSL.

- ◆ A copy of the beneficiary's birth certificate or other verification of birth, as required for the member above.
- ◆ A copy of the spouse's birth certificate or other verification of birth, as required for the member above.
- ◆ If the member's spouse is deceased, the member should send a copy of the death certificate.

-
- ◆ If divorced or legally separated, the member should send a copy of the divorce decree or judgment of separation, including any community property settlement.
 - ◆ *Direct Deposit of Benefits* (Form 15D)
 - ◆ Online sick leave certification by employer
 - ◆ Online certification for questionable years by employer
 - ◆ *Annual Leave Certification* (Form 11C) for eligible employees of state agencies, colleges, universities, technical colleges, and public school boards. It is the member's responsibility to obtain the necessary annual leave certification(s).
 - ◆ *Agency Certification* (Form 11B) from most recent employer(s).
 - ◆ W-4P, *Internal Revenue Service Withholding Certificate for Pension or Annuity Payments*, which is on the back of the *Affidavit of Retirement Option Election* for service and ILSB retirees (Forms 11E and 11E-5). The W-4P for DROP retirees is on the *Termination of Employment at End of DROP Participation/Employment* (Form 11H).

Premature death

If a member should die within 30 days after the beginning date of retirement or DROP, any retirement option previously selected will be canceled, and the member will be treated as an active member at the time of death. This means the retirement option will be canceled, and whatever survivor benefits or refunds due will be paid in accordance with LSA-R.S. 11:762. (See *Survivor Benefits* on pages 27-30.)

Estimated benefit

If your benefit has not been finalized, TRSL will generally begin paying an estimated benefit no later than 60 days after the effective date of retirement, after the *Affidavit of Retirement Option Election* has been returned to TRSL. However, if you are meeting minimum eligibility requirements to retire, **TRSL must have certification of all service credit** before you can be sent an *Affidavit of Retirement Option Election* or begin receiving an estimated benefit.

TRSL must have a copy of your Social Security card before the affidavit can be sent. If you are currently divorced, TRSL will not send the affidavit until we receive the most recent divorce documents.

The partial benefit will be an estimated payment and will continue monthly until an official TRSL computation of benefits is completed.

You will receive an *Affidavit of Retirement Option Election* on which to make final election of the retirement option (see pages 47-49). The option elected determines the retirement benefits to be received for the rest of your life.

You must return the properly executed and notarized affidavit to TRSL within 15 days. Additional retirement benefits due, if any, under the option elected on the affidavit are paid retroactively to the date of retirement.

Retirement payments (including estimated payments)

TRSL issues retirement benefits, including estimated payments, on the first of each month for that month.

You must wait a minimum of 30 days after your retirement date to be set up for retirement

payroll. For example, if the retirement date is June 6, the benefit can be set up for the August 1 payroll as long as TRSL receives the completed *Affidavit of Retirement Option Election* for service and ILSB retirees (Forms 11E and 11E-5) and the *Direct Deposit of Benefits* (Form 15D) by the first week of July.

Note: Plan to have enough money saved to live on for two to three months after retirement because it may take that long before your benefit begins.

The first retirement check will be mailed to your home address. As required by LSA-R.S. 11:815, members retiring on or after January 1, 2002, must have subsequent payments made by electronic funds transfer to a financial organization designated by you (see below). You must complete and submit a *Direct Deposit of Benefits* (Form 15D). Waivers may be granted upon written request to TRSL.

Direct deposit

Members retiring on or after January 1, 2002, must have benefit payments made by electronic funds transfer (EFT). You must complete and submit a *Direct Deposit of Benefits* (Form 15D) to designate the financial institution that is to receive your funds.

With direct deposit, benefits are deposited directly into your checking or savings account on the first of the month. However, when the first of the month falls on a weekend or a holiday, the direct deposit is posted to your account the first business day of the month. Direct deposits cannot be dated on a weekend or federal holiday because these are nonbanking days for the Federal Reserve Bank.

If you later wish to change your banking institution, call 1-877-ASK-TRSL (1-877-275-8775) to request additional direct deposit forms. These forms are required to begin or change the direct deposit of benefits (Form 15D) and DROP or ILSB account withdrawals (Form 11R). Be sure to request the appropriate form for your deposit.

Waivers may be granted upon written request to TRSL. Requests for exemption from this requirement should be addressed to TRSL's Retirement Benefits Administrator at P.O. Box 94123, Baton Rouge LA 70804-9123.

Canceling a retirement application

A retirement application can be canceled if no benefit payment (including an estimated benefit check) has been negotiated, cashed, or deposited, even direct deposited. However, once a retirement benefit payment has been cashed, the member is considered retired and is no longer able to cancel the retirement application or change his or her retirement date. Cashing a check includes direct deposit of your regular or DROP benefits.

Retirement options

There are eight options under which you may retire. The Maximum Option benefit is actuarially reduced if another option is chosen. Only Option 1 allows beneficiary changes.

If the option beneficiary is not your spouse and you should die leaving minor or other eligible children, your selected option beneficiary will be void, and the minor or other eligible children will receive survivor benefits. Children of Plan B retirees are not eligible for survivor benefits. These children may be eligible for Social Security benefits.

If you should die before completing an *Affidavit of Retirement Option Election*, an Option 2

benefit will be paid to your surviving spouse. If there is no surviving spouse, a benefit will be paid to a maximum of two minor children. If there is no surviving spouse or minor children, an Option 1 benefit will be paid to the most recently designated beneficiary(ies).

Effective July 6, 2004, your estate is guaranteed a refund of your employee contributions (GREC) if TRSL has not paid out the amount of contributions you paid into the System. This does not apply to Option 1.

If you are nearing retirement eligibility, you may request an estimate of your retirement benefits, either by mail using an *Estimate Request* (Form 10) or by contacting a TRSL benefits analyst at 225-925-6446. Include your Social Security number, mailing address, and home and work telephone numbers on all correspondence.

The retirement option cannot be changed once the *Affidavit of Retirement Option Election (Form 11E)* has been processed or the effective date of retirement or DROP participation has passed, whichever is later.

The different retirement options from which you must choose are as follows:

Maximum Option

Under this option, you receive the largest monthly benefit possible. All benefits cease at death. Only the amount of member contributions remaining that have not been paid out in monthly benefits or in DROP deposits and interest is due the member's estate. No beneficiary may be designated under this option.

Option 1

Under this option, you receive a monthly benefit slightly less than the Maximum Option amount. The Option 1 benefit is determined by the total amount of your accumulated member contributions and your age at the time of retirement. More than one beneficiary may be designated who, at the time of your death, would receive any remaining balance of your accumulated contributions in one lump-sum payment. It usually takes between 10 and 15 years to deplete the accumulated contributions. Any time you participated in DROP is included in these 10 to 15 years. Option 1 is the only option under which more than one beneficiary may be named, and the beneficiary(ies) may be changed at any time. This option may not be selected if you choose the Initial Lump-Sum Benefit (ILSB), but it is available if you choose DROP.

Lifetime benefit options

Under the following lifetime benefit options, only one beneficiary may be named and that beneficiary may not be changed. The benefits are actuarially reduced from the Maximum Option benefit based on reduction factors determined by the ages of you and your named beneficiary (see pages 15-16, Beneficiaries and community property).

You may remove a designated nonspousal beneficiary if the beneficiary is certified as permanently disabled by the State Medical Disability Board. You may remove a nonspousal, mentally disabled beneficiary if the receipt of benefits would cause that beneficiary to become ineligible for federal benefits of greater value. In both cases, you would change to the Maximum Option that is reduced to an actuarial equivalent and you could **not** name a new beneficiary. If you divorce, you may only remove a spousal beneficiary through a court order voluntarily agreed to by the ex-spousal beneficiary.

Option 2

This option provides you with a reduced monthly benefit and continues the same lifetime

benefit to your beneficiary after your death.

Option 2A (Pop-up)

This option provides you with a reduced monthly benefit and continues the same lifetime benefit to your beneficiary after your death. If your beneficiary dies before you, the reduced benefit “pops up” to the Maximum Option amount.

Option 3

This option provides you with a reduced monthly benefit that is greater than the Option 2 or 2A benefit. After your death, your beneficiary would receive a lifetime benefit equal to one-half of the benefit amount you were receiving.

Option 3A (Pop-up)

This option provides you with a reduced monthly benefit that is greater than the Option 2 or 2A benefit but less than the Option 3 benefit. After your death, your beneficiary would receive a lifetime benefit equal to one-half of the benefit amount you were receiving. If your beneficiary dies before you, the reduced benefit “pops up” to the Maximum Option amount.

Option 4

This option provides you with a reduced monthly benefit that is determined by the cost of the amount you designate for your beneficiary. The amount designated for the beneficiary cannot exceed the Option 2 benefit amount.

Option 4A (Pop-up)

This option provides you with a reduced monthly benefit that is determined by the cost of the amount you designate for your beneficiary. The amount designated for the beneficiary cannot exceed the Option 2 benefit amount. If your beneficiary dies before you, the reduced benefit “pops up” to the Maximum Option.

Initial Lump-Sum Benefit (ILSB)

Effective January 1, 1996, retiring members who are eligible for the Deferred Retirement Option Plan (DROP) but have not participated in it can choose the Initial Lump-Sum Benefit (ILSB, formerly Option 5), which provides a one-time, lump-sum payment of up to 36 months of the Maximum Option monthly benefit, with a reduced regular monthly benefit for life. Members may choose an ILSB payment that is less than the maximum allowed.

The monthly, lifetime retirement benefit will be actuarially reduced based on the lump-sum amount withdrawn and the member’s age at retirement.

Those who choose ILSB must also choose a retirement option: Maximum, 2, 2A, 3, 3A, 4, or 4A. Option 1 may not be chosen.

The one-time, lump-sum distribution may:

- ◆ Be directly rolled over into an individual retirement account (IRA) or other qualified plan.
- ◆ Remain in an interest-bearing account at TRSL. If you were first eligible for DROP before January 1, 2004, the account earns 0.5% less than TRSL’s actuarially realized rate of return. If you were first eligible for DROP on or after January 1, 2004, your account will be a LaDROP account and will earn interest at the liquid asset money market rate less a 0.25% administrative fee.

There are minimum withdrawal requirements. (For information on account withdrawals, see the TRSL brochure *Withdrawing from your DROP or ILSB Account*.)

- ◆ Be paid directly to the member, subject to any state and federal taxes and penalties due. Twenty percent will be withheld for federal income taxes, but this may not be sufficient to pay the taxes due.

How does it work?

For example, a 60-year-old member with 18 years of service credit and 55% of a year of sick leave credit decides to retire and receive an ILSB. The member's average salary is \$24,250.

The Maximum Option retirement allowance would be computed as follows: 18.55 years of service credit times a factor of 2% times the average salary of \$24,250 equals \$8,997. The member would divide this annual amount by 12 to determine the maximum monthly benefit of \$750.

By choosing an ILSB, the member could receive a maximum lump-sum payment of up to 36 times \$750, or \$27,000.

Using the chart below, find the member's age at retirement, 60 in this example, and the corresponding cost per \$1,000. The monthly cost to withdraw \$27,000 would be \$8.45 times 27, or \$228. (The monthly cost to withdraw \$10,000 would be \$84.50.)

The \$228 will be subtracted from the \$750 monthly benefit to determine the actuarially reduced monthly benefit. Therefore, \$750 minus \$228 equals \$522. The member's new lifetime maximum monthly benefit would be \$522 if he withdrew \$27,000 as a lump sum.

The member will then have to choose one of the various retirement options (Maximum, 2, 2A, 3, 3A, 4, or 4A), which will be used to finalize the lifetime retirement benefit.

ILSB monthly cost per \$1,000				
Ages 35-43	Ages 44-52	Ages 53-62	Ages 63-71	Ages 72-80
35 - \$6.89	44 - \$7.16	53 - \$7.66	63 - \$ 8.81	72 - \$11.01
36 - \$6.91	45 - \$7.20	54 - \$7.74	64 - \$ 8.98	73 - \$11.36
37 - \$6.93	46 - \$7.24	55 - \$7.83	65 - \$ 9.17	74 - \$11.74
38 - \$6.96	47 - \$7.29	56 - \$7.92	66 - \$ 9.38	75 - \$12.15
39 - \$6.99	48 - \$7.34	57 - \$8.02	67 - \$ 9.60	76 - \$12.58
40 - \$7.01	49 - \$7.40	58 - \$8.13	68 - \$ 9.84	77 - \$13.05
41 - \$7.05	50 - \$7.46	59 - \$8.24	69 - \$10.10	78 - \$13.55
42 - \$7.08	51 - \$7.52	60 - \$8.37	70 - \$10.38	79 - \$14.08
43 - \$7.12	52 - \$7.59	61 - \$8.50	71 - \$10.68	80 - \$14.65
		62 - \$8.65		

Any member who chooses an ILSB payment equal to 85% or more of the maximum lump-sum payment will not be able to withdraw the payment until the retirement benefit is finalized, a process which takes several months. Members choosing ILSB should know that lump-sum distributions may be subject to special tax provisions. They should discuss the matter thoroughly with a tax advisor.

Members should carefully consider the fact that the monthly benefit reduction due to the ILSB is permanent. Members should look carefully at the reduced benefit they will receive after taking ILSB to be sure they are not reducing their benefit to the point where they will not be able to meet future financial obligations.

For more details and return-to-work restrictions, see the TRSL brochure *Initial Lump-Sum Benefit (ILSB)*.

Retirement benefit calculation: Regular Plan, 2%

A member who joined TRSL before July 1, 1986, age 45, with a beneficiary age 47, retiring with 20 years of service credit, one year of sick leave credit, and an average compensation of \$23,000 would receive the Maximum Option retirement benefit computed like this: $(2\% \times 21 \times \$23,000) + \$300 = \$9,960$; $\$9,960 \div 12 = \830 per month.

Example: Regular Plan, 2%		
Retirement option chosen by member at retirement	Monthly benefit paid during life of retiree	Monthly benefit paid to retiree's beneficiary
Maximum Option	\$ 830	N/A
Option 1*	829	N/A
Option 2	796	796
Option 2A	793	793
Option 3	812	406
Option 3A	811	405
Option 4	826	100
Option 4A	825	100

* Option 1 payout is computed using member contributions and age of the retiree.

In this example, the member chose Option 1 and total member contributions were \$17,320. Using an actuarial table to determine the amount of contributions to be recovered each month, \$125.22 would be paid as a part of the benefit each month. For each month the retiree lived, \$125.22 would be deducted from the total contributions of \$17,320, and the Option 1 beneficiary would receive whatever contributions, if any, were left at the retiree's death.

It normally takes between 10 and 15 years to exhaust a member's contributions. In this example only, it would take 11.53 years to deplete the contributions.

If the retiree died one month after retirement, the Option 1 beneficiary would receive \$17,194.78 in one lump sum. If the retiree died after 11.53 years, the Option 1 beneficiary would receive no payment.

The retiree receives a monthly benefit for life, regardless of how long he or she lives after retirement. The beneficiary under all retirement plan options, except Maximum Option (when no beneficiary is named) and Option 1, also receives a lifetime benefit. For the different options, see pages 47-49.

Retirement benefit calculation: Regular Plan, 2.5%

A member who joined TRSL before July 1, 1986, age 55, with a beneficiary aged 57, retiring with 25 years of service, one year of sick leave credit, and an average compensation of \$30,000, would receive the Maximum Option retirement benefit computed like this:
 $(2.5\% \times 26 \times \$30,000) + \$300 = \$19,800$; $\$19,800 \div 12 = \$1,650$ per month.

Example: Regular Plan, 2.5%		
Retirement option chosen by member at retirement	Monthly benefit paid during life of retiree	Monthly benefit paid to retiree's beneficiary
Maximum Option	\$1,650	N/A
Option 1*	1,647	N/A
Option 2	1,538	1,538
Option 2A	1,523	1,523
Option 3	1,592	796
Option 3A	1,584	792
Option 4	1,643	100
Option 4A	1,642	100

* Option 1 payout is computed using member contributions and age of the retiree.

In this example, the member was age 55, chose Option 1, and total contributions were \$17,880. Using an actuarial table to determine the amount of contributions to be recovered each month, \$140.98 would be paid out as part of the benefit each month. For each month the retiree lived, \$140.98 would be deducted from the total contributions of \$17,880, and the Option 1 beneficiary would receive whatever contributions, if any, were left at the retiree's death.

It normally takes 10 to 15 years to deplete a member's contributions. In this particular example, it would take 10.58 years to deplete the contributions. Any time spent participating in DROP will be included in this 10.58 years. If the retiree died one month after retirement, the Option 1 beneficiary would receive \$17,739.02 in one lump sum. If the retiree died after 10.58 years, the Option 1 beneficiary would receive no payment.

The retiree will receive a monthly benefit for life, regardless of how long he or she lives after retirement. The beneficiary under all retirement plan options, except the Maximum Option (when no beneficiary is named) and Option 1, also receives a lifetime benefit. For the different options, see pages 47-49.

Estimating the Regular Plan benefit

Members can use the table below to estimate their monthly retirement benefit. For details on retirement eligibility see pages 39-40.

The estimates shown below are based on choice of the Maximum Option. Benefits would be actuarially reduced if another option were chosen. Add an additional \$25 per month if the member joined TRSL before July 1, 1986. The table does not include sick or annual leave converted for retirement benefit purposes.

To read the chart, find the figure closest to the member's highest average annual three-year salary, then read across to the years of service and age at retirement.

Regular Plan estimates					
Highest 3-year average annual salary	Estimated monthly retirement benefit if service credit and age are:				
	5 years at age 60, excluding military service	20 years at any age	25 years at age 55	30 years at any age	20 years at age 65, excluding military service
\$ 9,600	\$ 80	\$ 320	\$ 500	\$ 600	\$ 400
12,000	100	400	625	750	500
14,400	120	480	750	900	600
16,800	140	560	875	1,050	700
19,200	160	640	1,000	1,200	800
21,600	180	720	1,125	1,350	900
24,000	200	800	1,250	1,500	1,000
26,400	220	880	1,375	1,650	1,100
28,800	240	960	1,500	1,800	1,200
31,200	260	1,040	1,625	1,950	1,300
33,600	280	1,120	1,750	2,100	1,400
36,000	300	1,200	1,875	2,250	1,500
38,400	320	1,280	2,000	2,400	1,600
40,800	340	1,360	2,125	2,550	1,700
43,200	360	1,440	2,250	2,700	1,800
45,600	380	1,520	2,375	2,850	1,900
48,000	400	1,600	2,500	3,000	2,000
50,400	420	1,680	2,625	3,150	2,100
52,800	440	1,760	2,750	3,300	2,200
55,200	460	1,840	2,875	3,450	2,300
57,600	480	1,920	3,000	3,600	2,400
60,000	500	2,000	3,125	3,750	2,500

Regular Plan members who joined TRSL on or after July 1, 1999

Act 981 of 1997 (LSA-R.S. 11:761 and 768) changed the 20-year retirement provisions for those who became TRSL members on or after July 1, 1999. In addition to the 2.5% formula requirements listed on page 39, those members may receive a 20-year retirement at any age based on a 2.5% benefit that is actuarially reduced depending on the member's age and years of eligibility credit. The reduction is based on the number of years it would have taken to reach the next retirement eligibility had they continued to work. The greater the number of years to regular retirement, the greater the actuarial reduction. These members also receive a 2.5% retirement benefit at age 60 with at least 5 years of service or eligibility credit. Reduction factors for 20-years-at-any-age retirement are summarized below.

Actuarial reduction factors for 20-year retirement		
Years retired early	Percent of accrued benefit reduced upon early retirement before age 55	Percent of accrued benefit reduced upon early retirement before age 60
1	9.01	9.61
2	17.13	18.16
3	24.45	25.81
4	31.06	32.65
5	37.04	38.79
6	42.46	44.31
7	47.37	49.28
8	51.83	53.76
9	55.89	57.80
10	59.58	61.46

Retirement benefit calculation: Plan A, 3%

For a description of Plan A, see pages 10 and 40.

The monthly benefit of a member retiring with 10 years of service credit at age 60, with an average compensation of \$9,000, a beneficiary aged 63, and total contributions of \$3,300 would be:

$$(3\% \times 10 \times \$9,000) = \$2,700; \$2,700 \div 12 = \$225 \text{ per month.}$$

Example: Plan A, 3%		
Retirement option chosen by member at retirement	Monthly benefit paid during life of retiree	Monthly benefit paid to retiree's beneficiary
Maximum Option	\$ 225	N/A
Option 1*	224	N/A
Option 2	207	207
Option 2A	203	203
Option 3	216	108
Option 3A	214	107
Option 4	221	50
Option 4A	220	50

* Option 1 payout is computed using member contributions and age of the retiree.

In this example, the member was age 60, and total member contributions were \$3,300. Using an actuarial table to determine the amount of contributions to be recovered each month, \$27.84 would be paid out as part of the benefit each month. Each month the retiree lived, \$27.84 would be deducted from the total contributions of \$3,300 and the beneficiary would receive whatever contributions, if any, were left at the retiree's death.

It normally takes 10 to 15 years to deplete the contributions under Option 1. In this particular example it would take 9.88 years to deplete the contributions. Any time spent participating in DROP would be counted in the 9.88 years. If the retiree should die after 9.88 years, the Option 1 beneficiary would receive no payment. In this particular example, if the retiree died one month after retirement, the Option 1 beneficiary receive \$3,272.16 in a lump sum.

The above pertains only to Option 1 payments due a beneficiary. The retiree will receive a monthly benefit each month for life regardless of how long he or she lives after retirement. The beneficiary under all options, except the Maximum Option and Option 1, will also receive a benefit for life. For discussion of different options, see pages 47-49.

Estimating the Plan A benefit

Members can use the table below to estimate their maximum monthly Plan A retirement benefit. In Plan A, members generally receive 3% of their average salary for each year of service. These benefits reflect years contributed to TRSL only. Additional benefits will be added for years when contributions were made to Social Security. The estimates shown below are based on choice of the Maximum Option. Benefits are actuarially reduced if other options are chosen.

To read the chart, find the figure closest to the member's highest three-year average annual salary, then read across to the years of service and age at retirement.

Plan A estimates			
Highest 3-year average annual salary	Estimated monthly retirement benefit if service credit and age are:		
	5 years at age 60, excluding military service	25 years at age 55	30 years at any age
\$ 4,800	\$ 60	\$ 300	\$ 360
6,000	75	375	450
7,200	90	450	540
8,400	105	525	630
9,600	120	600	720
10,800	135	675	810
12,000	150	750	900
13,200	165	825	990
14,400	180	900	1,080
15,600	195	975	1,170
16,800	210	1,050	1,260
18,000	225	1,125	1,350
19,200	240	1,200	1,440
20,400	255	1,275	1,530
21,600	270	1,350	1,620
22,800	285	1,425	1,710
24,000	300	1,500	1,800
25,200	315	1,575	1,890
26,400	330	1,650	1,980
27,600	345	1,725	2,070
28,800	360	1,800	2,160
30,000	375	1,875	2,250

Deferred Retirement Option Plan (DROP)

The Deferred Retirement Option Plan (DROP) is an optional program in which eligible TRSL members elect to freeze their regular retirement benefits and to have those benefits deposited in a special account at TRSL, while they continue to work and draw a salary from a TRSL-reporting agency.

DROP allows a TRSL member to build up savings, but it may not be a good idea for every member because it freezes a member's high three-year average salary at the pre-DROP level. Later salary increases do not affect the retirement benefit accrued before DROP.

DROP is not always the best choice. Regular Plan members who are age 60 and enter DROP with at least 10 years of service credit will have their benefits calculated at the 2% formula, no matter how long employment continues after DROP. In this case, it may be better not to enter DROP and retire later with a benefit calculated at 2.5%.

Also, members who plan to retire with more than 35 years of TRSL service credit may dramatically reduce their final retirement benefit by participating in DROP.

Members considering DROP should be certain they thoroughly understand the plan before beginning participation.

The accumulated benefits paid to the member's account during DROP are withdrawn by the member **after** termination of employment. After termination of employment, regular retirement begins.

However, the member may continue to work after DROP and not retire until later. Employer and employee contributions to TRSL resume during this period of continued employment, and the member gains additional service credit, which increases the final monthly retirement benefit.

A member must be employed at the time he or she enrolls in DROP and must remain employed during DROP participation. A member who has retired or terminated employment is not eligible for DROP.

The decision to participate in DROP may be made only **once** and is **irrevocable; that is, once DROP participation begins, a member may not change his or her mind.**

The member must specify the consecutive period of time he or she plans to participate. This period can be as short as one day, cannot exceed two or three years, depending on the option for which the member is eligible, and may only be shortened by the participant's termination of employment or death. **Once chosen, the participation period cannot be extended.**

During DROP, a member's take-home pay may increase because neither members nor employers make retirement contributions to TRSL while the member participates in DROP.

Want more info?

This is a brief summary of DROP. For additional information, consult TRSL's booklets about beginning and ending DROP participation.

If a member dies within 30 days after the beginning date of retirement or DROP, any retirement option previously selected will be canceled, and the member will be treated as an active member at the time of death. This means the retirement option will be canceled, and whatever survivor benefits or refunds due will be paid in accordance with LSA-R.S. 11:762. (See *Survivor Benefits* on pages 27-30.)

The 1993 Legislature created a three-year DROP, effective January 1, 1994, which supplements the two-year DROP put into effect in July 1992. The new plan allows members to participate in DROP for a maximum of three years beginning on the date they **first** become eligible to retire and ending no later than 3 years and 60 days later. The 60 days allows time for members to get their service credit certified by their employers. Under the three-year plan, members must enter DROP within 60 days of their **first** retirement eligibility in order to have three years of DROP participation.

Regular Plan members, to qualify for a benefit based on 2.5% of salary per year of service/eligibility credit at the time they enter DROP, must be any age with 30 years of service/eligibility credit, or at least 55 with 25 years of service/eligibility credit. To qualify for a benefit based on 2% of salary per year of service/eligibility credit at the time they enter DROP, members must be at least age 60 with 10 years of service/eligibility credit.

Plan A members may enter DROP at any age with 30 years of service/eligibility credit, at least age 55 with 25 years of service/eligibility credit, or at least age 60 with 10 years of service/eligibility credit.

Plan B members may enter DROP at least age 60 with 10 years of service/eligibility credit, or at least age 55 with 30 years of service/eligibility credit.

There are some restrictions in all plans on whether credit for military service can be used to meet eligibility.

Note: The three-year DROP “window” begins as soon as you are eligible to retire with 10 years of eligibility or service credit at age 60, if that is the first retirement eligibility you reach. (If you enter DROP at age 60 with at least 10 years of service credit, you will have a 2% benefit. If you enter DROP at 2%, your benefit will always be calculated at 2%, no matter how long you work after DROP.)

Members who enrolled in the two-year DROP are not eligible for the new three-year plan and may not choose to extend their DROP participation.

Members who were eligible for the three-year DROP on or before January 1, 1994 (i.e., those who were eligible to retire on that date, excluding 20-years-at-any-age retirement), may choose a two-year DROP participation period at any time in the future, with no waiting period, as long as they continue working for a TRSL employer.

Those members who become eligible for the three-year plan on or after January 2, 1994 (i.e., become eligible to retire on or after that date), do not have a choice of the two-year DROP participation period.

It is critical that members know the exact date on which they first become eligible to retire, excluding 20-years-at-any-age retirement. If they do not, they may lose days or even years of DROP participation because the window of participation begins on the first day the member is eligible to retire.

If these members wish to participate in DROP, they must decide to do so within three years and 60 days following the date on which they are first eligible to retire.

If they do not participate in DROP within that time period, they cannot participate in DROP at all.

A member may participate in DROP while on annual, sick, or sabbatical leave, or documented leave without pay.

Members should apply for DROP and regular retirement up to six months in advance.

Members who retire under the 20-year retirement at any age provision (at 2% of average compensation per year of service credit) and Optional Retirement Plan (ORP) members are not eligible to participate in DROP.

The retirement benefit deposited to the DROP account will be calculated using years of service credit and average compensation at the time the member enters DROP. Unused sick and annual leave will **not** be included in this calculation. Once the member terminates employment, applicable unused sick and annual leave will be converted to service credit and added to the retirement benefit.

Salary adjustments received during DROP participation are not used in the computation of the member's retirement benefit, which is computed at the time DROP is entered, unless needed to calculate the 10% cap on after-DROP average compensation.

Participants are not eligible for cost-of-living adjustments (COLAs) granted to retirees during participation or during continued employment after DROP. Participants will become eligible to receive future COLAs no earlier than one year following their date of retirement if they are at least age 55 on the date the COLA is given.

The law provides that participation in DROP will not change the seniority status or any other related benefits that an employee is entitled to as a condition of employment.

When you complete DROP, the account begins earning interest. There are two methods of calculating interest earnings, depending on when you become eligible for DROP.

- 1) If you become eligible for DROP **on or after January 1, 2004**, the account will earn interest, computed monthly, at the liquid asset money market rate less a 0.25% administration fee for TRSL. This is frequently referred to as LaDROP.
- 2) If you were eligible for DROP **before January 1, 2004**, the account will earn interest, computed annually, based on the System's actuarially realized rate of return less a 0.5% administration fee for TRSL. Past interest rates are shown on the next page.

After terminating employment and retiring, you may withdraw funds from the DROP account in a single sum or in periodic payments, according to TRSL board policy and Internal Revenue Service (IRS) regulations. The DROP account does not earn interest until **after** your DROP participation has ended.

Interest rates on DROP accounts (members eligible before 1/1/04)

Fiscal Year Ended June 30	TRSL Actuarially Realized Rate of Return	DROP Interest Rate
1993	12.48%	11.98%
1994	9.20%	8.70%
1995	5.72%	5.22%
1996	17.09%	16.59%
1997	12.82%	12.32%
1998	20.78%	20.28%
1999	13.99%	13.49%
2000	17.63%	17.13%
2001	0.05%	0.00%*
2002	-5.84%	0.00%*
2003	-5.55%	0.00%*
2004	9.85%	9.35%
2005	9.87%	9.37%
2006	15.65%	15.15%

* An attorney general opinion ruled that DROP accounts could not be debited, so account interest rates were set to zero.

Cost-of-living adjustment (COLA)

In 1992, the Employee Experience Account was established to provide periodic cost-of-living increases for retirees and their beneficiaries. The account is funded by setting aside 50% of net investment earnings in excess of the amount needed to meet TRSL's actuarial obligations (currently 8.25%).

Act 402 of 1999 established an annual COLA, payable on July 1 each year based on the annual percentage increase in the Consumer Price Index–All Urban Consumers (CPI-U). The COLA is to be equal to the CPI-U percentage increase from the preceding calendar year, but cannot exceed 2%. Act 1172 of 2001 allows TRSL to increase the annual COLA from 2% to 3%, not to exceed the CPI-U, in the years when TRSL's investment return equals or exceeds 8.25%. The 2% limit remains in effect in those years when the investment target is not reached. These COLAs are paid from the Employee Experience Account. If insufficient funds are in that account, then no COLA is paid.

To be eligible for the COLA, a retiree must be at least 55 years of age by July 1 and have received a benefit for at least one year. A beneficiary will be eligible for the COLA if the retiree would have been eligible for the COLA.

Act 1172 of 2001 limits the COLA to the first \$70,000 (adjusted for inflation each year) of the annual benefit and allows disability retirees to receive the annual COLA without regard to age.

Act 588 of 2004 requires legislative approval before COLAs can be granted from the Employee Experience Account. COLAs will continue to be based upon fluctuations in the CPI-U and will be limited to 2% or 3% depending on future rates of return achieved by TRSL.

Income tax information

Your retirement benefit is exempt from Louisiana state income tax. However, the benefit is subject to federal income tax and includes both a tax-free amount and a taxable amount. Member contributions made to TRSL before July 1, 1988, were taxed (unsheltered) and are not subject to tax in retirement. However, member contributions made on and after that date were not taxed (sheltered) and become taxable in retirement.

The simplified method

The Internal Revenue Service (IRS) developed the simplified method, using two tables, to calculate what portion of the retirement benefit is subject to federal income tax. Using the appropriate table, the basic formula for calculating the tax-free portion of the retirement benefit is the amount of unsheltered TRSL contributions divided by the number of months allowed for payout by the IRS according to the member's age. The resulting figure is the tax-free portion of the monthly benefit.

Formula	$\frac{\text{unsheltered contributions}}{\text{months allowed for payout}} = \text{monthly tax-free amount}$
----------------	--

Table 1 applies to those who retired since November 19, 1996.* After December 31, 1997, it applies only to retirees who retired under the Maximum Option or Option 1.

Table 1- Single Life Annuity		
Age when member begins retirement	Number of months for payout or recovery	Number of years for payout or recovery
55 or under	360	30.00
55 and one day to 60	310	25.83
60 and one day to 65	260	21.67
65 and one day to 70	210	17.50
70 and one day or more	160	13.33

**For members who retired before November 19, 1996, and depending upon their retirement date, a different calculation was used to determine what portion of the retirement benefit was subject to federal income tax.*

The tax-free portion of the retirement benefit using Table 1, Single Life Annuity, is calculated by taking the portion of a member's TRSL contributions on which taxes have already been paid and dividing it by the number of months allowed by the IRS according to the member's age, as shown in Table 1. The contributions divided by the required number of monthly payments equals the tax-free portion of the monthly benefit.

For example, if a retiree already paid taxes on contributions of \$20,000 and was under age 55 at retirement, the tax-free portion would be computed as follows: \$20,000 in contributions ÷ 360 payments = \$55.56 per month tax free. The retiree would pay federal income tax on all of the monthly benefit except \$55.56.

Table 2 applies to anyone retiring after December 31, 1997, under Options 2, 2A, 3, 3A, 4, or 4A. These options provide benefits based on the combined ages of the retiree and the beneficiary.

Table 2 - Joint and Survivor Annuity		
Combined ages of member and designated beneficiary when member begins retirement	Number of months for payout or recovery	Number of years for payout or recovery
110 or under	410	34.17
110 and one day to 120	360	30.00
120 and one day to 130	310	25.83
130 and one day to 140	260	21.67
140 and one day or more	210	17.50

The tax-free portion of the retirement benefit using Table 2, Joint and Survivor Annuity, which is based on the life of more than one annuitant, is calculated by taking the portion of a member's TRSL contributions on which taxes have already been paid and dividing it by the number of months allowed by the IRS according to the combined ages of the member and the designated beneficiary, as shown in Table 2. The contributions divided by the number of monthly payments equals the tax-free portion of the monthly TRSL benefit.

For example, if a retiree paid taxes on contributions of \$20,000 and was age 60, and his designated beneficiary was age 56, the tax-free portion of his benefit would be computed as follows: \$20,000 in total contributions ÷ 360 payments = \$55.56 per month tax-free. The tax-free portion stays the same throughout the retiree's life expectancy, regardless of changes in the benefit.

If the contributions have not been fully recovered at the time the retiree dies, in the case of a joint and survivor annuity, the survivor will exclude the same monthly amount from taxable income until the amount of contributions has been recovered for tax purposes.

Tax sheltering and rolling over contributions

Effective July 1, 1988, contributions to TRSL are not included in a member's taxable income. If those TRSL contributions are withdrawn, they are subject to federal income tax and a 10% excise tax penalty upon withdrawal, with certain exceptions.

Contributions that have been tax-sheltered since July 1, 1988, qualify for rollover into an IRA or another qualified plan. If a member chooses not to have these funds rolled over directly to an IRA or other qualified plan, a mandatory 20% will be withheld for federal taxes. The rollover option is available only to the member, the member's surviving spouse, or a member's ex-spouse who has a common interest and an appropriate court order.

If a member has not attained age 59½ at the time he or she receives a distribution from TRSL, with certain exceptions, the taxable portion of the distribution not rolled over is subject to a 10% nondeductible federal tax penalty. (A member who is at least 55 and terminates employment is not subject to this penalty.)

Contributions that have already been taxed may be rolled over if the receiving plan can separately account for them. They are not subject to the mandatory 20% federal income tax withholding.

All TRSL members, except retirees who return to covered employment and pay contributions, and members with 40 years service credit, will participate in the tax-sheltering of employee contributions as long as they are enrolled in TRSL.

Returning to work after retirement

There are two laws governing retirees returning to work in Louisiana public education, and these laws may affect retirement benefits. Different laws affect service, Deferred Retirement Option Plan (DROP), Initial Lump-Sum Benefit (ILSB), and disability retirees. Failure to comply with these laws, including provisions that TRSL be notified of such employment, could result in substantial financial liability on the part of the retiree.

Service, DROP, and ILSB retirees

LSA-R.S. 11:710—Full benefits

Beginning July 1, 2001, all retirees (except disability retirees) may return to active service after a 12-month waiting period and receive both full salary and full retirement benefits, without penalty. The 12-month waiting period begins on the date of retirement.

Both the retiree and the employer **must make contributions** to TRSL during all periods of reemployment. The retiree will not earn any additional service credit from these contributions, and only the retiree's contributions, without interest, will be refunded upon request after termination of employment. These contributions will not be made on a tax-sheltered basis.

Reemployment during the 12-month waiting period will result in a suspension of benefits for the duration of reemployment or the lapse of the waiting period, whichever occurs first.

Service retirees

LSA-R.S. 11:738—Repay benefits and regain membership

This law allows a service retiree employed in a TRSL-eligible position to regain membership in TRSL by returning all retirement benefits paid to him or her plus interest at the assumed actuarial valuation rate.

The retiree must also pay **both employee and employer contributions** that would have been paid had the retiree become a member on the date he or she returned to active service.

Upon regaining membership, the member will be required to remain in active service for at least six years in order to be eligible for a retirement benefit recomputation. This provision is not available to DROP or ILSB retirees.

Disability retirees

Louisiana R.S. 11:780(C) and (D) allow a disability retiree to work **outside** the field of education and to earn the difference between his or her average compensation, adjusted by a Consumer Price Index factor, and his or her disability retirement benefit, with no effect on the benefit.

Note: However, a disability retiree may not return to work in the field of public or private education. Those who do so will have their disability benefit terminated (LSA-R.S. 11:780.1).

Disability retirees who return to work in any job in public or private education will forfeit their pensions.

To avoid the possibility of having their disability retirement benefits terminated, disability retirees should contact a TRSL counselor before accepting **ANY** employment with any state agency, school board, public or private school, or educational organization.

Unsure about returning to work? Ask questions!

TRSL retirees who are contemplating returning to work in any public employment should be certain they understand all applicable laws. When unsure about any legal provisions, they should contact TRSL.

Employers who do not comply with applicable laws can find they are liable for payment of contributions owed to TRSL.

Disability retirees who return to work in any job in public or private education will forfeit their pensions.

Refund of contributions after re-employment ends

Retirees who return to work may request a refund of contributions upon termination of employment by completing and submitting a *Retiree Refund Application* (Form 7A). This form is available from the employer or from TRSL's website at www.trsl.org.

Once TRSL receives the application, the refund will be issued in approximately 30 to 45 days after the date of termination to allow time for employers to report all employee contributions to TRSL.

Returning to work in a public job that doesn't affect TRSL benefits

Effective July 1, 2001, TRSL retirees, including former DROP and ILSB participants but excluding disability retirees, may return to public employment without affecting their retirement benefit, if they return in a position not normally eligible for TRSL membership. Public employment that would not affect a TRSL benefit includes positions that do not meet the definition of "teacher" as found in LSA-R.S. 11:701(33).

Retirees who are unsure about whether a position in public employment is eligible for TRSL membership should contact TRSL.

Glossary

Actuarial transfer — Transfer of service credit from one retirement system to another. May involve additional cost to the member.

Actuarially realized rate of return — The actuarial rate of return is a three-year weighted average return that is calculated with the following information:

- ◆ realized returns for the current year fiscal year
- ◆ one-third of unrealized returns of current year
- ◆ one-third of unrealized returns of previous year
- ◆ one-third of unrealized returns of year before that

Realized returns result from the actual sale or purchase of stock or bonds. Unrealized returns are market value only; no money has changed hands.

This method of calculating the actuarial rate of return results in a three-year smoothing that lessens the dramatic effect of sharp turns in the market. It softens the blow of “down” years, but it also moderates the effect of upswings.

It is usually late September before TRSL knows what the actuarially realized rate of return will be for the fiscal year ending June 30. Time is needed to evaluate the performance of TRSL's investments and to prepare financial and actuarial reports before a rate of return can be determined. Then the Public Retirement Systems' Actuarial Committee (PRSAC), which usually meets in January each year, must approve the rate.

Actuary — A statistician who calculates pension and annuity rates based on risk factors obtained from experience tables. Actuaries make financial sense of the future by analyzing the past, modeling the future, assessing the risks, and communicating the results in financial terms.

Beneficiary — At the death of an active member, the person, trust, or succession that receives the balance of that member's contributions if no monthly survivor benefits are payable. At the death of a retiree, depending on the retirement option selected, the beneficiary receives a monthly benefit payment. (See also DROP beneficiary and Retirement beneficiary.)

Deferred Retirement Option Plan (DROP) — An alternative method for payout of retirement benefits for a specified and limited time. Retirement benefits accumulate in a special account during DROP participation. Maximum DROP participation is three years beginning on the date the member is first eligible to retire and ending 3 years and 60 days later.

Defined benefit plan — TRSL is a defined benefit plan, which is a retirement plan under which members are guaranteed a lifetime benefit at retirement if they meet certain age and/or service requirements. The benefit amount is based on age, length of service, and final average compensation. Guaranteed member benefits are prefunded by contributions made by the employer, employee, and investment earnings. The plan sponsor (the State of Louisiana) must ensure that sufficient moneys are raised to pay all promised benefits to current and future retirees and their eligible beneficiaries.

Defined contribution plan — A retirement plan under which contributions are made by the employer, employee, and investment earnings. The benefit amount at retirement is

the sum that accumulates in the member's account. It is the responsibility of the member (employee) to ensure, through investment of account funds, that sufficient moneys are raised to provide adequate income in retirement.

DROP account — A special account credited with DROP benefits during participation. The account does not earn interest until DROP participation is completed.

DROP beneficiary — Person(s) designated as beneficiary(ies) of amounts credited to the DROP account. The DROP beneficiary may be changed and does not have to be the same person as the retirement beneficiary.

DROP deposit — An amount that becomes the retirement benefit, to which credit will be added for employment after DROP participation and unused leave.

Estimated benefit — The initial retirement benefit calculated according to information on file at TRSL. Before TRSL can finalize a retirement, certain information is needed from the employer, who cannot certify earnings and leave until employment has ended.

Final average compensation — Average of the member's highest three years of consecutive earnings, or the highest joined years of employment if service was interrupted. The three years used cannot cover a period when the member received more than three years of service credit.

Guaranteed Return of Employee Contributions (GREC) — The total payment of retirement benefits, including DROP deposits and interest, must at least equal a member's accumulated contributions. (Act 747 of 2004.)

Initial Lump-Sum Benefit (ILSB) — The ILSB may be selected at retirement. The "initial benefit" is a lump-sum payment of up to 36 months of the maximum monthly retirement benefit. Monthly retirement benefits for both retirees and beneficiaries are actuarially reduced by the amount of the initial benefit.

Minor child — An unmarried child under age 21 or an unmarried full-time student under age 23.

Optional Retirement Plan (ORP) — An alternative defined contribution retirement plan available to academic or unclassified employees of public institutions of higher education. Such employees who choose to participate in the ORP do not contribute to TRSL and waive all rights to TRSL retirement, survivor, and disability benefits not otherwise provided by LSA-R.S. 11:726 and 11:926(B). Participation in the ORP is irrevocable.

Part-time employee — Employees who work 20 hours or less per week or are less than 50% of full-time if employed in higher education.

Plan A — School food service employees who were members of the School Lunch Employees' Retirement System on July 1, 1983, when that system merged with TRSL and who are employed in one of the 46 parishes that contribute to TRSL's Plan A (all parishes except those in Plan B).

Plan B — School food service employees in the parishes of Allen, Assumption, Avoyelles, Cameron, Catahoula, Concordia, DeSoto, East Feliciana, Jefferson, Jefferson Davis, Lafayette, LaSalle, Morehouse, Orleans, Red River, St. Helena, St. John the Baptist, St. Mary, Washington, and West Feliciana. Plan B provisions can be found in TRSL's brochure, *School Food Service Plan B Retirement Handbook*.

Reciprocal recognition of service — Service credit in a retirement system recognized by another public retirement system to determine eligibility for regular retirement, disability retirement, DROP participation, and survivor benefits. There is no cost to the member, but this must be requested in writing.

Regular plan — The majority of TRSL membership, including those employed in any of the classifications defined by law as a “teacher” for whom enrollment in TRSL is mandatory as a condition of employment and who meet the eligibility requirements. Regular plan members contribute 8% of their salaries.

Retirement beneficiary — Persons named by retirees as recipients of monthly benefits when a retirement option is selected. Once named, the retirement beneficiary cannot be changed, except for Option 1. This person is not necessarily the same as the DROP beneficiary.

Retirement benefit — Monthly lifetime benefits members receive after retirement.

Service credit — A member is given a full year of service credit for each full year worked, regardless of whether the member was employed on a 9-, 10-, 11-, or 12-month contract. Members cannot receive more than one year of service credit in any fiscal year (July 1 through June 30). Service credit for less than a full year is calculated by dividing the days actually worked by the days that constitute a full contract.

Service retiree — A retiree who did not participate in DROP or ILSB or retire under disability provisions.

Sheltered contributions — Employee contributions paid into TRSL after July 1, 1988, which were not taxed or any funds rolled over from a conduit IRA or other qualified plan to purchase service credit.

Student — An unmarried person under age 23 enrolled full-time in an accredited high school, vocational-technical school, college, or university.

Survivor benefits — Payments to surviving spouse, minor children, and totally and permanently mentally or physically disabled children if an eligible active member dies. Certain eligibility requirements must be met by the member before death.

Unsheltered contributions — Employee contributions paid into TRSL before July 1, 1988, which were taxed or any funds paid by the member directly to purchase service credit.

Vested or vesting — The guarantee of a future lifetime benefit after the member has worked at least five years and leaves his or her contributions on deposit at TRSL.

Index

actuarial transfer (see <i>purchasing</i>)	
actuary	66
address change	12
annual leave	34
earned after June 30, 1990	34
purchase by school board employees	34
annual member account statement	11
appeals	20
beneficiary	
definition of	66
DROP	67
retirement	68
benefit (see <i>retirement</i>)	
canceling a retirement application (see <i>retirement</i>)	
checks (see <i>payments</i>)	
community property	13
consult an attorney about community property settlements	14
court may order payment	14
members must designate half their benefit	15
beneficiaries and community property	15
correction of errors	12
cost-of-living adjustment (COLA)	60
death of a member or retiree	27
Deferred Retirement Option Plan (DROP)	57, 66
beneficiary	67
deposit, definition of	67
defined benefit plan	8, 66
defined contribution plan (see also <i>ORP</i>)	66
delayed retirement	16
direct deposit	47
disability retirement	35
applying for	37
computing	35
earnings limitations	38
periodic re-examination	38
recomputation upon retirement eligibility	37
return-to-work restriction	38, 64
sample calculation	36
service conversions	37
spouse and minor child benefits	36
taxes	38
versus disability insurance	38
dual membership (see <i>membership</i>)	
early retirement	40
earnable compensation	11
estimated benefit (see <i>retirement</i>)	
final average compensation	42, 67
glossary	66
Government Pension Offset (GPO)	17
Initial Lump-Sum Benefit (ILSB)	49, 67
maximum benefit accrual	41
membership	7
board employees, for	10
changing	10
dual	10
eligibility	9
maintaining	10
part-time employees, for	11
minor child	29, 67
Optional Retirement Plan (ORP)	13, 67
overtime (see <i>earnable compensation</i>)	
part-time employee	67
payments (see also <i>refunds</i>)	
estimated	46
retirement	46
Plan A	
benefit example	55
definition of	67
estimates	56
membership	9
retirement eligibility	40
Plan B	
definition of	67
membership	9
Professional Improvement Program (PIP)	44
purchasing TRSL Service Credit	21
actuarial cost or contributions plus interest	25
applications for	26
coast guard	24
in-state private school teaching service	24
involuntary furlough	23
leave without pay (see <i>legal leaves of absence</i>)	
legal leaves of absence	22
maternity leave (see <i>legal leaves of absence</i>)	
member's cost calculation	26
national guard	24
not under USERRA	24
other service credit eligible for purchase	25
out-of-state public school teaching service	24
reciprocal recognition of service credit	26, 68
refunded service credit	22
reserve forces	24
rollovers (Form 9R)	25
sabbatical leave	22
strike	23
transfer of service credit	26, 66

Uniformed Services Employment and Re-employment Rights Act of 1994 (USERRA)	23	DROP retirees	64
U.S. military base teaching service	24	full benefits, LSA-R.S. 11:710	64
reciprocal recognition (see <i>purchasing</i>)		ILSB retirees	64
refunds	12	public job that doesn't affect TRSL benefits	65
survivor benefits or	29	refund (see <i>refunds</i>)	
return-to-work	65	repay benefits, LSA-R.S. 11:738	64
Regular Plan		service retirees	64
benefit examples	51, 52	service credit	19, 68
definition of	68	partial year credit, example of	19
estimates	53	part-time employment credit, example of	20
membership	9	purchasing	21
retirement eligibility	39	rounding of	20
renunciation of benefits	16	service retiree	68
retirement	39	sheltered contributions	68
actuarial reduction factors (20-year retirement		sick leave	31
for Regular Plan members who joined on		Table 1—Accumulated Sick Leave Conversion	32
or after 7/1/99)	54	Table 2—Accumulated Sick Leave Conversion	33
application checklist	45	earned after June 30, 1988	32
beneficiary	68	earned after June 30, 1990	33
benefit		earned through June 30, 1988	31
calculation	42	student, definition of (see also <i>minor child</i>)	68
estimating Plan A	56	Social Security	16,17
estimating Regular Plan	53	survivor benefits	27
example: Regular Plan, 2%	51	applying for	29
example: Regular Plan, 2.5%	52	definition of	68
example: Plan A, 3%	55	eligibility	27
formula	42	establishing a trust	30
canceling a retirement application	47	financial protection	30
checks (see <i>payments</i>)		minor child	29
eligibility		tax, income	
part-time employees	40	disability retirement	38
Plan A	40	sheltering and rolling over contributions	63
Regular Plan	39	simplified method	61
estimated benefit	46, 67	Table 1—Single Life Annuity	61
Maximum Option worksheet	44	Table 2—Joint and Survivor Annuity	62
options	47	Teachers' Retirement System of Louisiana (TRSL)	
lifetime benefit options	48	about	7
Maximum Option	48	information always available	9
Option 1	48	toll-free number	9
Option 2	48	transfer of service credit	26, 66
Option 2A (Pop-up)	49	unsheltered contributions	68
Option 3	49	vested or vesting	68
Option 3A (Pop-up)	49	Windfall Elimination Provision (WEP)	18
Option 4	49	withdrawing your contributions (see <i>refunds</i>)	
Option 4A (Pop-up)	49	workers' compensation	11
premature death	46		
returning to work after retirement	64		
ask questions	65		
disability retirees	38, 64		



Teachers' Retirement System of Louisiana
 8401 United Plaza Blvd, Ste 300 • Baton Rouge, LA 70809-7017
 PO Box 94123 • Baton Rouge, LA 70804-9123
 Telephone: (225) 925-6446 • Fax: (225) 925-4779
 www.trsl.org

Form 2AC (02/05)

01-AC

Active Member Change of Address Authorization

Print in ink or type all entries except signatures.

Member information												
Name: Last, first, MI, suffix (Jr., III, etc.)		Social Security number <table border="1"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
Daytime telephone ()	Evening telephone ()											
New mailing address												
Street address, if mailing address is a post office box												
City, state, zip												

Signature of authorization*	
Signature of member or authorized agent (Do not print or type)	Date signed (mm-dd-yyyy)

***If you sign with an "X," this authorization must be witnessed**

We, _____ and _____, the undersigned competent witnesses,
 hereby acknowledge and attest that the above-named member appeared before us and personally signed the above in our presence this _____ day of _____
 _____ / _____
 (Month) (Year)

Signature of witness (Do not print or type)	Signature of witness (Do not print or type)
Street / P.O. Box	Street / P.O. Box
City, state, zip	City, state, zip

Back of Form 2AC



Teachers' Retirement System of Louisiana
 8401 United Plaza Blvd, Ste 300 • Baton Rouge, LA 70809-7017
 PO Box 94123 • Baton Rouge, LA 70804-9123
 Telephone: (225) 925-6446
 www.trsl.org

Form 3 (10/04)

01-3

**Submit original form
no fax copies accepted**

Beneficiary Designation

Check here if multiple

Print in ink or type all entries except signatures. Incomplete or altered forms will be returned. The following beneficiary designation(s) will **replace all** previous choices. Designations of beneficiaries become effective when received in the office of the Teachers' Retirement System of Louisiana (TRSL). Forms received by TRSL after the date of the member's death shall be null and void. **If more than three primary or three contingent designations are to be made, please request additional forms and renumber the additional designations as 4, 5, 6, etc.** All forms must be submitted at the same time. In the event of your death within 30 days from the effective date of your retirement or DROP beginning date, the beneficiary(ies) listed on your active member record will apply only if no survivor benefits are payable.

Section 1 — Member information

Name: Last, first, MI, suffix (Jr., III, etc.)

Street / P.O. Box

City, state, zip

Daytime telephone
() ()

Evening telephone
() ()

Social Security number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Section 2 — Primary beneficiary(ies)

If more than one beneficiary is named in this section, the interest of all beneficiaries shall be equal, unless specified otherwise. Upon the death of any designated beneficiary, his or her interest shall pass to the survivor or survivors (primary beneficiary(ies), Section 2) in equal shares, unless specified otherwise. Please mark through any unused designation of beneficiary spaces. **Only human beings or a succession may be named.**

I hereby designate the following persons as my primary beneficiary(ies) to receive any payments that may be due from TRSL in the event of my death and only if no survivor benefits are payable.

Name: Last, first, MI, suffix (Jr., III, etc.)

1
Street / P.O. Box

City, state, zip

Social Security number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date of birth

____ / ____ / ____
mm-dd-yyyy

Sex

Male Female

Relationship

Name: Last, first, MI, suffix (Jr., III, etc.)

2
Street / P.O. Box

City, state, zip

Social Security number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date of birth

____ / ____ / ____
mm-dd-yyyy

Sex

Male Female

Relationship

Name: Last, first, MI, suffix (Jr., III, etc.)

3
Street / P.O. Box

City, state, zip

Social Security number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date of birth

____ / ____ / ____
mm-dd-yyyy

Sex

Male Female

Relationship

Member and witnesses signatures must be completed on the reverse

Member's Social Security number

SSN grid

Member's name

Section 3 — Contingent beneficiary(ies)

The contingent beneficiary(ies) do not share in the amount due if any of the primary beneficiary(ies) are living at the death of the member. If more than one beneficiary is named in this section, the interests of all beneficiaries shall be equal, unless otherwise specified. Only human beings or a succession may be named.

I designate the following persons as my contingent beneficiary(ies) to receive any payments that may be due from TRSL upon my death in the event my primary beneficiary(ies) named have predeceased me.

Name: Last, first, MI, suffix (Jr., III, etc.)

1

Street / P.O. Box

City, state, zip

Form fields for beneficiary 1: Social Security number, Date of birth, Sex, Relationship

Name: Last, first, MI, suffix (Jr., III, etc.)

2

Street / P.O. Box

City, state, zip

Form fields for beneficiary 2: Social Security number, Date of birth, Sex, Relationship

Name: Last, first, MI, suffix (Jr., III, etc.)

3

Street / P.O. Box

City, state, zip

Form fields for beneficiary 3: Social Security number, Date of birth, Sex, Relationship

Section 4 — Member signature and witnesses

With this designation, I hereby request TRSL to pay, in the event of my death before retirement or pension, the total amount of the contributions standing to my credit in TRSL.

I understand the lump-sum payment of my contributions shall be paid to my named beneficiary(ies) or estate only if no monthly benefits are payable to a surviving spouse and/or minor children in accordance with LSA-R.S. 11:762 and 11:781.

I hereby authorize TRSL to make payment to the beneficiary(ies) whom I have designated and agree, on behalf of myself and heirs and assigns, that payment and acceptance of any such refund to my designated beneficiary(ies), if any, or my estate shall discharge all obligations of TRSL on account of any creditable service rendered prior to payment of the refund and shall constitute a release of all accrued rights of every kind and nature against TRSL. I hereby direct that, should I survive the aforementioned beneficiary(ies), the amount that would otherwise have been payable to the beneficiary(ies) shall be paid to my estate or to such other beneficiary(ies) as I shall designate with TRSL in accordance with the rules and regulations prescribed by the Board of Trustees.

Before these undersigned witnesses, I have signed my name this day of

Member's signature and Date signed fields

Maiden name or other names used for employment

Must be witnessed by persons other than beneficiary(ies)

Witness signature and address fields

Publications available from TRSL

TRSL Benefits Handbook (Regular Plan and Plan A)
School Food Service Plan B Benefits Handbook
Your New TRSL Membership
Optional Retirement Plan (ORP)
Planning for Your Retirement
Taking a Refund of Your Contributions
Survivor Benefits
Community Property
Purchases and Transfers of Service Credit
Applying for Disability Retirement
TRSL Retirement Benefit Estimator
When It's Time to Retire
Beginning DROP
Ending DROP
Initial Lump-Sum Benefit (ILSB)
Guide for Retirees
Withdrawing from Your DROP or ILSB Account
Direct Deposit of Benefits
Direct Deposit of DROP or ILSB Account Withdrawals
Special Tax Notice
Returning to Work after Retirement
TRSL and Social Security Benefits

Copies of these publications may be viewed and printed on TRSL's website at www.trsl.org.
Printed copies may be requested by sending an e-mail message to web.master@trsl.org or by
calling 225-922-2822.

Teachers' Retirement System of Louisiana
8401 United Plaza Boulevard, Suite 300
Baton Rouge LA 70809-7017
PO Box 94123
Baton Rouge LA 70804-9123

Telephone: 225-925-6446
Fax: 225-925-6366
TDD: 225-922-2522
Automated, toll-free: 1-877-ASK-TRSL
Internet: www.trsl.org